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ESTABLISHED 1887

Britain Announces Decision to Leave UNESCO in 1985

By R.W. Apple Jr.
New York Times Service

LONDON — Britain announced Thursday that it would withdraw from the much-criticized United Nations Educational, Scientific and Cultural Organization at the end of next year unless there was clear evidence of further progress toward reforming the agency.

The United States gave a similar notice last year, and it is widely anticipated that the Reagan administration will go through with withdrawal plans next month. American diplomats had pressed Prime Minister Margaret Thatcher's government to strengthen Washington's stance by following suit.

Sir Geoffrey Howe, the foreign secretary, told the House of Commons that Britain was not satisfied that it was getting its money's worth from UNESCO, which has been accused not only of poor management but also of having succumbed to political pressure from Third World countries. The agency has been widely denounced in the West for advocating what many editors consider a form of press censorship.

The United States pays a quarter of UNESCO's annual budget. Britain's share is less than 8 percent, but it has played an important part in the organization's history. It was founded in London at the end of World War II, and Englishmen such as John Maud and Julian Huxley were among the agency's pioneering officials.

Sir Geoffrey said that he had written to UNESCO headquarters in Paris, giving notice of Britain's plans but pledging that they would be reviewed if "progress on value for money" was made at the orga-

nization's general conference next year. He promised that the country's annual subscription of \$6 million would be paid this year.

"If the money can better be spent elsewhere then we have that option" in succeeding years, the foreign secretary told the Commons.

Mrs. Thatcher, like President Ronald Reagan, has frequently complained about anti-Western bias in UNESCO, which has been headed since 1974 by Ahmadou Mahamat M'Bow, a Senegalese. Mrs. Thatcher said Tuesday that the criticisms of the organization were "abundantly justified, both in the direction of its expenditure and the attempts it makes from time to time to prevent freedom of speech and the freedom of the press."

Britain is likely to stand alone among European countries in its approach to the problems of UNESCO. At a meeting in Brussels earlier this week, other members of the European Community made it clear that they preferred to remain in the organization and work for reform.

"We acknowledge that some progress has been made toward reforms," Sir Geoffrey said, "but much remains to be done."

The government's decision represents a victory for those in the Foreign Office and in the ruling Conservative Party who believe that Britain's best interests are served by aligning its foreign policy as closely as possible with that of the United States. But there were many politicians and others who deeply regretted the decision.

Significant among those were the leaders of the Commonwealth countries, who mounted a wide-

Fierce Vietnam-Cambodia Fighting

Expected to Last Through Dry Season

Reuters

BANGKOK — Fierce fighting near the Thai border this week between Cambodian guerrillas and Vietnamese troops appears to mark the start of months of clashes.

The current Vietnamese offensive against the guerrillas will be the bloodiest yet," predicted an official of the Khmer People's National Liberation Front, the main non-Communist resistance group.

But Western diplomats said that no clear-cut result was likely to emerge that could hasten an end to the problems of Cambodia, occupied by Vietnamese forces for almost six years.

They said that neither side was strong enough in deliver a knock-out punch, and that unless a diplomatic solution was found the war of attrition would go on.

Vietnamese troops launched their first major drive of the current dry season Sunday with an attack against the Khmer People's National Liberation Front base at Nong Chan.

About 1,500 soldiers under artillery cover stormed the camp along a three-kilometer (two-mile) front. But on Thursday, neither side completely controlled Nong Chan, a Thai army spokesman said.

[Lieutenant General Pichit Kulavijaya, a Thai regional army commander, said Thursday that fighting had died down with both sides exhausted and running out of ammunition. The Associated Press reported. General Pichit said he believed that the Vietnamese have suffered three times as many casualties as the residents.]

[Reliable figures are not available, but civilian casualties have been very low, aid officials said.]



overloaded bicycles through thick vegetation and mud. Children dragged along pigs and poultry.

"This is the fourth time I have been through this," a man said.

Khmer People's National Liberation Front officials said that about 2,500 Vietnamese troops were involved in the fighting at Nong Chan. They placed their own strength at about 4,000 but said many of their men were not armed.

The guerrillas are fighting for a Vietnamese withdrawal from Cambodia, where Western diplomats estimate Hanoi maintains 160,000 to 180,000 troops.

The Association of Southeast Asian Nations, linking Thailand with Indonesia, Malaysia, the Philippines, Singapore and Brunei, staunchly supports the coalition government Beijing and ASEAN

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Geoffrey Howe

Hussein Tells PLO To Unify

Arafat Opens Amman Session Of Council

By Edward Walsh
Washington Post Service

AMMAN, Jordan — The Palestine Liberation Organization convened its "parliament in exile" Thursday and was urged by King Hussein of Jordan to put aside its internal differences and forge a Jordanian-Palestinian initiative for a peace settlement with Israel.

Addressing the opening session of the 17th meeting of the Palestine National Council, called by the PLO chairman, Yasser Arafat, the king scolded the PLO and the Arab world in general for wasting time and energy on "disagreement, conflict and recrimination."

The question is: for how long will we allow time to serve a greedy enemy who every day eats up part of the remaining land while we dissipate our time in fruitless argument and recrimination," he said.

While emphasizing that the decision belonged to the PLO alone, the king reiterated his call for a Jordanian-Palestinian initiative to convene an international peace conference under United Nations auspices.

The basis of peace talks, he said, should be United Nations Resolution 242, which calls for Israel to withdraw from territories it captured in the 1967 Middle East war in return for recognition and a peace agreement with its Arab neighbors.

Even though several pro-Syrian factions of the PLO boycotted the conference, officials of Mr. Arafat's el-Fatah main line PLO group declared that there was the necessary quorum of two-thirds of the 384 delegates to open the meeting.

The meeting was convened amid extraordinary security measures by the Jordanians. Streets leading to the building where it was held were blocked by Jordanian soldiers. The building itself was guarded by soldiers in jeeps armed with machine guns, and a military helicopter circled overhead.

King Hussein and Mr. Arafat were warmly received by more than 200 delegates of the Palestine National Council and hundreds of observers in the King Hussein Sports Center.

The meeting considered one of the most critical in the PLO's history, was boycotted by Syrian-backed PLO rebels. The rebels forced Mr. Arafat and his men out of Lebanon last year and have called for his removal as leader of the PLO.

The meeting was also boycotted by the Popular Front for the Liberation of Palestine, which is led by George Habash, and by the Democratic Front for the Liberation of Palestine.

Mr. Arafat, Mr. Papandreu and President François Mitterrand last week to discuss differences over an agreement reached in September to withdraw French and Libyan troops from Chad.

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Ali Treiki

Qadhafi Aide Says Libya Isn't Flouting Chad Accord

United Press International

ATHENS — Libya's foreign minister said Thursday that the withdrawal of Libyan troops from Chad had been delayed for "technical reasons" and that Libya continued to occupy the northern Chadian strip of Aouzou with French knowledge.

The official, Ali Abdel-Salem Treiki, denied that Libya and France differed over Chad and stated categorically that "we intend to respect our agreement" to withdraw forces from the country.

But he said in an interview before Libya troops would again intervene in Chad's affairs if troops loyal to President Hissene Habre attacked the rebel forces of Habré's Prendit Goukouni Oueddei.

The French understand very well that because of the geographical problem there might be a delay for the complete withdrawal of our element of support," Mr. Treiki said. "It is for technical reasons, not political reasons."

Mr. Treiki arrived Wednesday in Athens to deliver a message from the Libyan leader, Colonel Moamer Qadhafi, to Prime Minister Andreas Papandreou of Greece, who helped mediate the French-Libyan agreement to withdraw their forces from Chad.

A government spokesman, Dimitri Maroudas, said Thursday that a Greek Foreign Ministry official had left for Libya as an "objective observer" to see that both sides maintain the agreement to withdraw their forces.

Mr. Maroudas said the withdrawal of forces from Chad would be completed by the end of this week and that an official in the Foreign Ministry, Carlos Papadimitriou, was expected to stay up to three days in Libya.

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(Continued on Page 2, Col. 1)

U.S., Soviet Union Agree To Resume Arms Talks In Geneva in January

By John M. Goshko
Washington Post Service

WASHINGTON — The United States and the Soviet Union announced agreement Thursday to begin negotiations on controlling nuclear and space weapons.

The two governments said that Secretary of State George P. Shultz would meet with Foreign Minister Andrei A. Gromyko in Geneva on Jan. 7 and 8 to draw up an agenda for the talks.

Robert C. McFarlane, President Ronald Reagan's national security affairs adviser, said at a White House news conference that the objective was to reach "minimally acceptable agreements on the whole range of questions concerning nuclear and outer space arms."

He said that the Shultz-Gromyko meeting would not get into the substance of arms-control issues but would focus on achieving a common understanding as in the subject and objectives of such negotiations.

The meeting, as described by Mr. McFarlane, appears to be regarded by the administration as a first step toward a possible full-scale new start on the arms talks that have been in limbo since last year.

Thursday's announcement left unclear how the two nations intended to bridge the gap on what should be negotiated. The Russians want to give priority to stopping development of weapons in space.

The United States has been reluctant to consider agreements in that area and has put its emphasis on reduction of intercontinental and medium-range nuclear missiles.

The tone of statements made in Washington and Moscow on Thursday indicated that the two sides still have a long way to go in their search for sufficient common ground to negotiate substantively.

Mr. McFarlane said the agreement, which evolved from discussions between the two sides over the past several weeks, was in line with Mr. Reagan's proposal for "umbrella" talks that will encompass the full family of issues" in U.S.-Soviet relations.

However, the emphasis in Geneva will be on what Mr. McFarlane called "the most pressing" issues: strategic nuclear weapons, intermediate-range nuclear weapons and weapons in space.

In Moscow, the Soviet Foreign Ministry spokesman, Vladimir B. Lomko, who made a simultaneous announcement of the agreement, contended that the two governments were talking about "about completed new negotiations."

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Algeria	6,000 D. lira	12.1	Norway	1,030 N. kr.
Austria	19.5 S. Italy	1300 Lire	0.75 L. rub.	0.75 L. rub.
Bahrain	0.85 D. Jordan	1.60 D. Jordan	0.50 D. lira	0.50 D. lira
Belgium	40.8 F.	90.1600	0.70 D. lira	0.70 D. lira
Canada	C 5.20	Kw 500	7.9 P.	7.9 P.
Cyprus	C 0.00	T 14.00	Stuck 1000	0.25 L.
Denmark	7.00 Dkr.	Lkr. 100	100 D.	100 D.
Egypt	100	100	100 D.	100 D.
Finland	4.00 F. A.	100 L.	100 D.	100 D.
Germany	230 D.M. Malta	25 Cents	1,300.00	1,300.00
Great Britain	45 P. Morocco	5.50 P.	1.00 D.	1.00 D.
Greece	70 Dr. Netherlands	2.50 F. U.S. and 50 Dr.	50 Dr.	50 Dr.
Iran	115 Rials Nigeria	170 K.	120 D.	120 D.

ments on nuclear arms," Mr. McFarlane said. "And they have so spent in the announcement."

He added: "It is essential that there be a sustained effort. We don't say that this is a milestone of conclusion, but a beginning."

Mr. McFarlane also sought to give a big share of the credit for the development to Mr. Reagan, whose stress on negotiating from a position of strength has caused critics to charge that he really is not interested in reaching arms control agreements.

Mr. McFarlane said he was advised by the president Monday that a tentative agreement had been reached with Moscow. He quoted the president as telling him:

"This is good news. It is the first step in what will be a long and difficult road. But the world is depending on us. I want you to get back to Washington and speed up the work necessary to prepare our position."

The agreement came after a long period of chiller in U.S.-Soviet relations, punctuated by the Soviet walkout from the Geneva negotiations last year and the failure last summer of the two sides to reach an accord on a Soviet proposal that they meet in September in Vienna to discuss space weapons.

Russians, in Rare Move, Drop Key Party Meeting

Reuters

MOSCOW — The Soviet leadership decided against holding the annual winter session of the Communist Party Central Committee, and diplomats said Thursday that internal political conflicts could be the reason.

British officials said Neil K

Dublin 'Despondent' Over London's Ulster Remarks

By Michael Gerler
Washington Post Service

LONDON — Statements by Prime Minister Margaret Thatcher and her new minister for Northern Ireland in the aftermath of last weekend's British-Irish summit meeting here have shattered what was described as the "positive" mood of the meeting itself, Irish officials in London and in Dublin said Thursday.

The Irish officials said the mood in their government is "so despondent" and there is such "great disappointment" with Mrs. Thatcher, in particular, that they are doubting the wisdom of another summit early next year between Mrs. Thatcher and Prime Minister Garret Fitzgerald of Ireland.

In a communiqué following the meeting Sunday and Monday at Chequers, Mrs. Thatcher's country retreat west of London, both leaders agreed to aim for "a further meeting between them within the coming months."

Irish officials said that what was so maddening was that the private talks had gone rather well in seeking some new common ground for dealing with the continuing violence in Northern Ireland and for easing political tensions there.

However, at a press conference immediately after the meeting, Mrs. Thatcher flatly rejected the three major options for some new form of joint authority in British-ruled Northern Ireland that had been proposed by the New Ireland Forum. The group was set up by Mr. Fitzgerald to

find new initiatives to resolve the problems in Northern Ireland.

While it was known in Dublin that the British would not agree to any change in Northern Ireland's status without approval from its Protestant majority, which is loyal to Britain, the emphatic tone in which Mrs. Thatcher rejected the New Ireland Forum's suggestions has caused great political embarrassment for Mr. Fitzgerald, the officials said. The Irish leader has taken risks at home by seeking greater cooperation with Britain.

Irish officials confirmed that in an angry post-summit meeting in Dublin of his Fine Gael party, Mr. Fitzgerald accused Mrs. Thatcher of being "gratuitously offensive" in her press conference comments about the New Ireland Forum report.

In Parliament on Thursday, Mrs. Thatcher told questioners that she was "in total disagreement" with the remarks of Mr. Fitzgerald as reported.

The Irish prime minister was clearly uncomfortable at his own press conference immediately after Mrs. Thatcher's on Monday and declined to answer questions about Mrs. Thatcher's remarks.

Peter Barry, the Irish foreign minister, is reported to have described Mrs. Thatcher's behavior as disgraceful.

Irish officials also said that comments by Mrs. Thatcher at her press conference and by Douglas Hurd, the new British cabinet secretary for Northern Ireland, in a press conference in Northern Ireland on Wednesday, casting doubt on the

"alienation" of the Catholic minority in the north, also were resented.

The third point that has added to the dismay in Dublin is Mrs. Thatcher's insistence in her press conference that Britain cannot impose any solution in Northern Ireland and that only the people there can make any agreement work.

The Irish maintain that it is virtually impossible for the forces of political confrontation in Northern Ireland to come together on their own and that there must be some outside pressure for reconciliation.

Aside from concern within his own party, Mr. Fitzgerald also was subjected to a sharp attack in the Irish parliament from Charles J. Haughey, the opposition leader, who accused the prime minister of "abject capitulation to a new British insincerity and a craven desertion of the principles of the New Ireland Forum report."

The dilemma for London over the report is that while its options were all viewed as unrealistic — because the two-thirds Protestant majority would not agree to any form of control by a neutral, Catholic government of Ireland — the report was prepared by the three main moderate Catholic parties to Ireland and the moderate Catholic minority party in Northern Ireland.

It represents, at least in spirit, the most well-intentioned effort thus far to find some peaceful solution, and was viewed as the best way to keep the violent and outlawed Irish Republican Army from becoming the main voice representing Catholics in Northern Ireland.



Garret Fitzgerald

Hussein Asks PLO Unity As Arafat Opens Session

(Continued from Page 1)
Arab Front for the Liberation of Palestine, headed by Nayef Hawatmeh.

For Mr. Arafat, the convening of the session represented a chance to reaffirm his leadership of the battered Palestinian movement against his critics. Speaking from a stage on which large Jordanian and Palestinian flags were draped, he used his opening address to set a tone for the meeting, which is expected to last about six days.

He defended his leadership of the PLO, particularly his decision to visit Egypt immediately after his expulsion from Tripoli, Lebanon, by the rebel forces. Echoing a constant theme of King Hussein, who recently reestablished Jordan's diplomatic relations with Egypt, Mr. Arafat said despite Egypt's peace treaty with Israel the Egyptians must be welcomed back into the Arab world.

The PLO leader also struck a



Yasser Arafat

somewhat moderate tone toward Syria, saying that while attempts to reconcile his differences with President Hafez Assad of Syria had so far failed, the effort was still going on. Mr. Arafat added that the PLO's aim was not only to regain Palestinian territory, but all Israeli-occupied land, including the Golan Heights, which were captured from Syria in 1967.

But he said the most important function of the meeting was to reaffirm the independence of the PLO and its institutions, a clear reference to what Patah officials see as Syria's attempt to turn the organization into a Syrian puppet.

The atmosphere of the opening meeting Thursday was filled with emotion and the symbolism of the Jordanian-PLO relationship coming full circle.

Fourteen years ago, in what the Palestinians refer to as "Black September," the Jordanian Army expelled the PLO from Jordan in a

Guerrilla Leader Sees Little Evidence Of Soviet Arms Buildup in Nicaragua

By Joel Brinkley
New York Times Service

WASHINGTON — The chairman of the largest anti-Sandinista rebel force said his troops have seen little evidence of the major buildup of Soviet arms in Nicaragua that Reagan administration officials

that Reagan administration officials

had described as for many months.

In recent weeks, Reagan administration officials have talked of unusual shipments of arms to Nicaragua from the Soviet Union and other Eastern bloc countries.

Earlier this month, Defense Secretary Caspar W. Weinberger said the Russians had been supplying "a great deal of heavy offensive arms" to Nicaragua.

Administration officials said the equipment included helicopter gunships, patrol boats, surface-to-air missiles and other air-defense systems, along with new artillery and ammunition.

Secretary of State George P. Shultz said on Nov. 10: "The Nicaraguans seem intent on militarizing their society and accumulating a level of weapons and armed capability that is entirely outside the standpoint of any conceivable defensive mission."

But Mr. Calero, who said his 15,000 troops in Nicaragua frequently engage government forces, asserted that the only new weapon

his men had seen was a multiple-grenade launcher that is a more advanced version of a launcher that Nicaraguan troops have been using for a long time.

Nonetheless, Mr. Calero said he and other rebels intended to cite the purported arrival of new Soviet arms when they lobby Congress in January to renew aid to the rebels.

Congress cut off aid last spring but approved \$14 million in new aid for the current fiscal year, which began Oct. 1. At the same time, however, Congress stipulated that the funds could not be spent unless Congress renewed approval after March 1.

Mr. Calero, who was in Washington to visit supporters, said he and other rebel officials intended to begin lobbying members of Congress in January.

"I am going to talk to all the liberal Democrats," he said, naming five or six members of the House leadership, many of whom have opposed aid. "I am going to see as many as I can set."

Mr. Calero said his troops were particularly worried about the Mi-24 attack helicopters that administration officials said were unloaded from a Soviet freighter at the Nicaraguan port of Corinto this month.

The helicopters are heavily armored Soviet assault gunships often equipped with missiles, cannons and machine guns. Mr. Calero said his troops had no weapons that could effectively counter them.

"They are going to be a menace," he said, adding: "What if those helicopters come and kill 2,000 of our men? They could do it. They have tremendous destructive capability."

He added that "that blood would be on the conscience" of any congressman "who cut off our aid."

Since the U.S. aid was ended last spring, Mr. Calero said, the rebels have received many donations from individuals in the United States and other countries.

Over the last several months, rebel leaders have estimated the total to be \$1.5 million to \$10 million, only a fraction of the aid the rebels had received from the U.S. government.

China Denies Report of Israeli Pact

BEIJING (AP) — China denied on Thursday a report in Jane's Defense Weekly that it had agreed to buy \$3 billion in arms from Israel and had accepted Israeli military advisers to train its army.

Qi Shuxue, a Defense Ministry spokesman, said: "We have no relationship with Israel. This report has no basis in fact."

Told that the British journal's publisher had said the report was from "well-informed sources" in Israel, Mr. Qi said: "They have their own motives."

Greece Annuls Ruling on Journalist

ATHENS (AP) — Greece's Supreme Court has annulled a one-year sentence for libel imposed on a free-lance journalist for contending in a book that the country's top-selling newspaper was published in cooperation with the KGB, the Soviet secret police and intelligence service.

A spokesman said the Supreme Court decided Wednesday that an appeals court ruling in May had contravened legal regulations by failing to explain why the sentence was not suspended, as the appeals court prosecutor suggested.

The decision came after a 17-month legal tussle between Paul Ananasi, a Cyprus-born journalist who writes for The New York Times and London's Daily Telegraph, and the publisher and the editor of *Elmos (Nation)*, George Bobolas and Alexander Filopoulos. In his book, entitled "Take the Nation in Your Hands," Mr. Ananasi wrote that the *Elmos* newspaper serves as a major channel of Soviet disinformation in Greece.

Forger of Hitler Diaries Is Rearrested

HAMBURG (AP) — Konrad Kujau, the confessed forger of Hitler diaries who is standing trial on fraud charges, was rearrested Thursday during a court session one week after he was freed.

The court ordered his rearrest shortly before it adjourned for its midday recess. It accepted the prosecution's motion that there was too great a risk that Mr. Kujau, 46, may try to flee the country.

Mr. Kujau, a dealer of Nazi artifacts, was freed Nov. 15, after 18 months in prison, with no bail required. A court spokesman said at the time that the risk of him fleeing West Germany was much reduced since he had become well known and all witnesses directly concerning his case already had testified.

Konrad Kujau

Among the dead were Deputy Commander Alvaro Hernandez, a member of the army's high command, and Deputy Commander Cristobal Varegas, military chief of Jinotega and Matagalpa provinces, the statement said.

A captain, five lieutenants — including the pilot and copilot — and two sergeants also were killed, the ministry said.

BUCHAREST (UPI) — The 13th Romanian Communist Party congress on Thursday re-elected President Nicolae Ceausescu as party leader for another five-year term. The party had published reports in June that he would be re-elected and there was no other candidate for the post.

His son, Nicu Ceausescu, 33, president of the party youth organization and minister for youth problems, was promoted from the party's 265-member Central Committee to alternate member of the policy-making Executive Political Committee. President Ceausescu's wife, Elena Ceausescu, the first deputy prime minister, was re-elected to the Executive Political Committee.

Mr. Ceausescu, 66, was elected for another term as the party's general secretary at the end of the four-day congress, attended by more than 3,100 delegates representing the 3.4 million-member organization that runs the nation of 22.6 million.

For the Record

Ibado election officials declared Wednesday that Richard Stallings, a Democrat, was the winner by 132 votes of the House seat held for seven terms by George Hansen, a Republican, who was convicted this year of violating House ethics rules. Mr. Hansen immediately challenged the decision in court.

President Ferdinand E. Marcos, whose nine-day absence from public view sparked rumors that he was seriously ill, was shown on national television Thursday dressed in his pajamas and being treated for what his doctor said was influenza.

The legislative assembly in the southern Indian state of Andhra Pradesh was dissolved Thursday, after completing less than two years of a scheduled five-year term, paving the way for a major electoral popularity contest for its chief minister, N.T. Rama Rao.

President Ronald Reagan will meet with Prime Minister Yasuhiro Nakasone of Japan in Los Angeles on Jan. 2. The White House announced Wednesday.

(UPI)

(NYT)

(AP)

(NYT)

(AP)

After Years of Economic Deterioration, Tanzania Begins to Retreat From Socialism

By Glenn Frankel
Washington Post Service

DAR ES SALAAM, Tanzania — Seventeen years after it embarked on one of the Third World's most ambitious socialist experiments, the government of Tanzania has begun to retreat to a more pragmatic model in an attempt to salvage its rapidly deteriorating economy.

Battered by a series of setbacks, including declining food production and a gaping shortage of foreign exchange that has virtually cut off the country from desperately needed essentials such as gasoline and spare parts, the government has embarked in recent months upon a series of painful economic reforms that Western analysts here say are a first step in a new direction.

It has increased prices paid to farmers for crops while at the same time eliminating many price controls and subsidies for food consumers. It has encouraged private investment and relaxed its grip on companies seeking to import goods. It also has announced a program to drastically reduce the size and power of the country's more than 300 bloated and mismanaged state-run companies, known as parastatals.

Along with these measures, the government is reopening negotiations with the International Monetary Fund for a loan to ease its foreign exchange crisis.

Tanzania has been among the IMF's most vocal critics. A 1980 Tanzanian loan arrangement with the IMF collapsed only three months after it took effect because of a dispute over Tanzania's performance in meeting stipulated conditions.

The impact of some of these steps already is

apparent on the streets of this port city. Many shops had been empty, due to chronic shortages of food, soap, matches and other staples. Other goods had vanished from many shops into the country's large black market. Now, much has reappeared in stores, although at prices three times higher than before.

All of these moves mark a major step away from longtime policies. Western diplomats contend that the government's program, first announced in a budget speech to Parliament by Finance Minister Cleopas Msuya in June, represents a triumph for a new generation of pragmatists who have come to power in many of Tanzania's ministries and who think the country of 20 million people must make dramatic changes to survive.

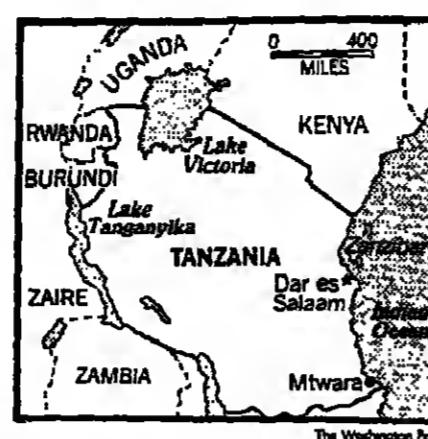
Officials deny the new policies mark a break with socialism.

"We've been living beyond our means," Mr. Msuya said in a recent interview. "Cutting costs is neither socialism nor capitalism, it's just common sense." But, he added, "those who are realists can see that the country is moving in a new direction."

While the pragmatists are directing policy for the moment, however, knowledgeable Tanzanians say the struggle over the country's direction is far from over.

The state companies are an entrenched source of power and patronage, and their directors are usually tightly linked to the leadership of Tanzania's only legal political party, the Chama Cha Mapinduzi or "revolutionary party." They are expected to put up a stubborn and spirited fight against cutbacks.

Just last week, in his role as the new chairman of the Organization of African Unity, Mr. Nyerere



The Washington Post

over the parastatals," said an aide to Prime Minister Salim Ahmed Salim.

Efforts to reach an accord with the IMF also are fraught with uncertainty. Many Tanzanians, including several influential members of President Julius K. Nyerere's inner circle of advisers, think the country has done all that can be expected in terms of austerity measures and they plan to resist any further demands from the fund.

Diplomats, however, expect the fund will insist on a further currency devaluation and cuts in the government budget, which is to rise 15 percent this year, largely due to increases in minimum wages designed to offset some of the loss of food subsidies.

Just last week, in his role as the new chairman

of African nations should refuse to pay foreign debts to force creditor nations to negotiate a more just world economic order.

Tanzania's economy has been crippled by lack of foreign exchange. Its factories operate at 20 percent to 30 percent of capacity and more than half its fleet of trucks and tractors are idle. In a confidential report three months ago, the World Bank said Tanzania's economy was in a state of "decapitalization" and consuming its "own capital stock." The report added: "This process is under way in every sector and in every region of the country. It is the very opposite of development."

Shortages have fueled both a thriving black market and increasing official corruption, which is aggravated by the fact that Tanzania's civil servants are among the lowest paid in the world. Bribery and payoffs are often expected for even the smallest of government services, a marked contrast from a decade ago when Tanzania boasted one of the most idealistic and politically committed bureaucracies in Africa.

Those were the heady days when Mr. Nyerere, one of black Africa's longest ruling leaders and its foremost apostle of socialism, launched Tanzania down the road of socialist transformation.

Some of the results have been impressive. Tanzania boasts free universal primary education, a 70-percent adult literacy rate, health clinics within walking distance of each of its 8,300 villages and clean water facilities for 30 percent of them. The country's life expectancy has increased by a decade during the last generation and its infant mortality rate has fallen by a third.

But many of these achievements are being undermined by the country's economic collapse. A 1982 World Bank report said more than half the country's clean water facilities had broken down because of shortages of diesel fuel and spare parts for pumps. A recent study of rural health clinics found most lacked soap, thermometers and medicines.

Western diplomats and an increasing number of Tanzanians think that the country's relentless drive toward centralization of power and decision-making have been a major cause of problems in a nation lacking the skilled manpower needed to operate a large and cumbersome socialist apparatus.

Even Mr. Nyerere has conceded in recent interviews that the 1972 abolition of local governments and the scrapping of local cooperative unions in favor of parastatals was all done in the name of centralized planning — were major mistakes.

So, too, was the neglect of Tanzanian agriculture, source of most of the country's exports and of employment for 85 percent of the population.

A combination of drought and questionable policies has forced Tanzania to import 836,000 tons of grain over the last three years and Mr. Msuya in his budget speech conceded the situation for the next year "looks grim."

Some diplomats say the government will need at least 230,000 additional tons, about 10 percent of its total needs. Others contend that Tanzania can grow enough food to feed its entire population, but that lack of roads and functioning transport make it either impossible or prohibitively expensive to move the food from surplus regions to those hit by drought.

The Tanzanians have embarked on a program to increase food production by raising prices to farmers, and improving delivery of needed essentials. A key part of this is the pruning of the parastatals that have enjoyed a monopoly over agriculture in recent years. Many of their functions are supposed to be handed over to the revived small cooperatives.

Mr. Nyerere appears firmly committed to cutting back the parastatals and has entrusted the task to Tanzania's senior cabinet member, former Finance Minister Amir Jamal.

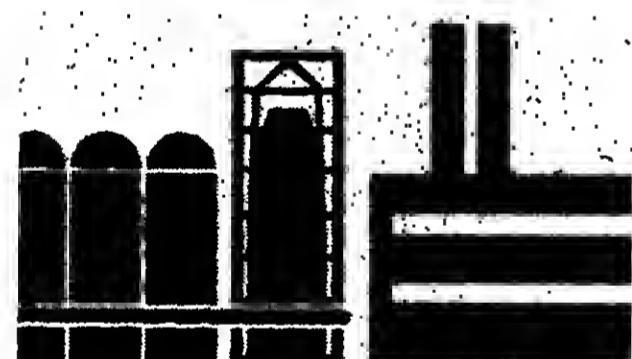
At the same time, however, the government is likely to keep a tight grip on the new cooperatives to prevent their becoming an independent source of power and a political threat. Many diplomats expect the party to insist on the power to select officials of the cooperatives, which could have the unfortunate result that they, like the present parastatals, would represent the interests of bureaucrats in Dar es Salaam more than those of peasant farmers.

There were widespread fears among officials of food riots when the subsidies were scrapped in June and prices began to rise but the population has remained calm, perhaps partly because many were already paying the higher prices on the black market.

Finance Minister Msuya pleaded for Western aid donors and lenders such as the IMF not to force Tanzania to choose between bankruptcy and policies that would plunge the country into social unrest. Alluding to food riots this year in Tunisia and Egypt, Mr. Msuya said: "Our African states are very fragile. We have to be extremely careful that the social fabric does not snap."

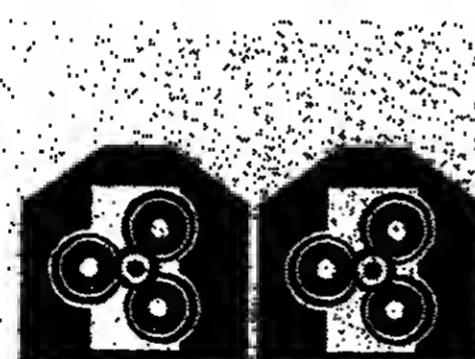
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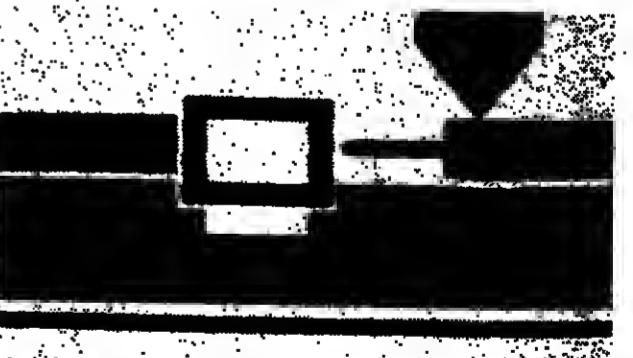
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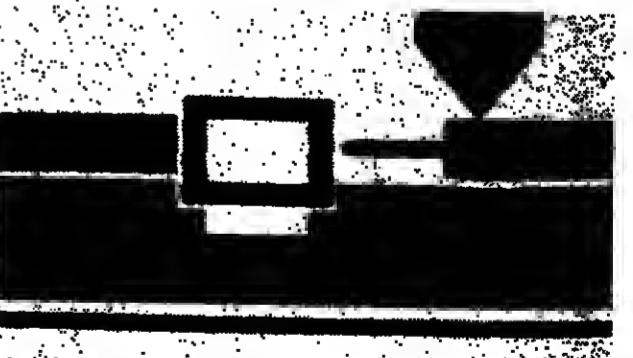
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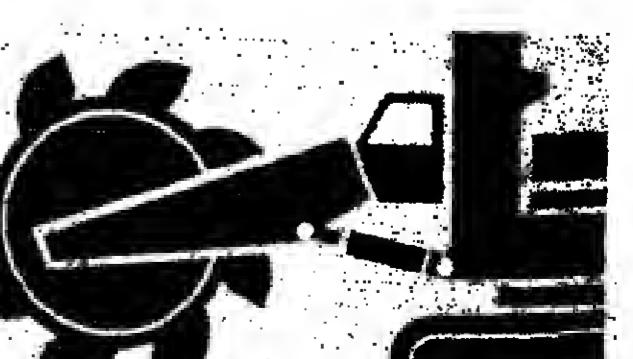
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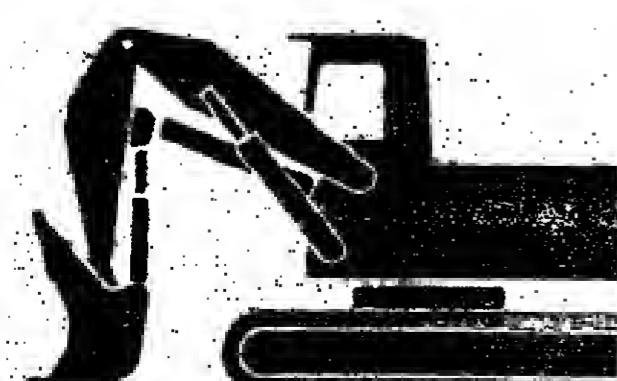
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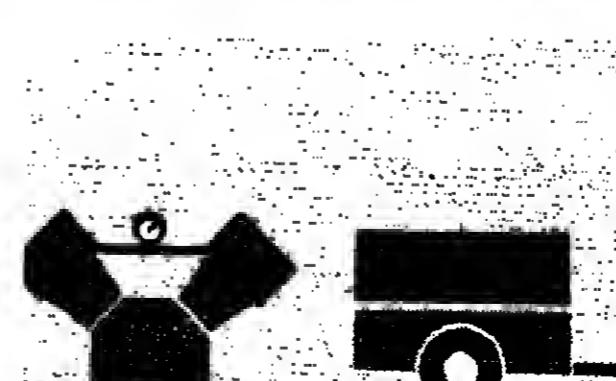
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Curfew Resumes in Sri Lanka to Prevent Rioting

United Press International

COLOMBO, Sri Lanka — A nationwide curfew was reimposed on Thursday to prevent civilian attacks on the Tamil minority following a Tamil guerrilla raid on a police station Tuesday.

An earlier curfew ended at dawn Thursday, but the national security minister, Lalith Athulathmudali, said restrictions would resume later in the day after people had had time to stock up on food and other provisions. When news of the extended curfew spread through the capital shortly after daybreak, residents began scouring to stores, where long lines formed.

Heavily armed policemen patrolled the streets and most stores were shut by noon. A national holiday was declared for banks, schools and most government offices. No violent incidents were reported overnight Wednesday.

"Some may think we're overreacting," Mr. Athulathmudali said, "but we want to take every precaution. This is a precautionary measure."

At least 29 people were killed Tuesday, when more than 250 Tamil guerrillas with explosives and automatic weapons launched an attack that destroyed a police station at Chavakkadcheri, 200 miles (324 kilometers) north of Colombo.

As a gunfight raged, several more rebels drove into the

In the capital, a crowd of majority Sinhalese set fire on Wednesday night to a grocery store, owned by a Tamil family, in retaliation for the police station raid, police said. No one was hurt. In one area of Colombo, police fired tear gas Thursday to disperse a crowd near a train station, witnesses said.

Giving the government's first account of Tuesday's attack, a senior official said at a briefing Wednesday that more than 250 separatists took part in the assault. It was the biggest guerrilla attack since 1976, when the Tamil struggle began for a separate state in northern Sri Lanka. Tamils make up about 18 percent of the population.

The senior official said Tuesday's incident began when a teen-age Tamil boy approached a sentry post at the station saying he wanted to report a lost identification card. As the sentry opened the gate, about 35 guerrillas rushed the compound. At the same time, two more groups attacked the compound from other directions.

As a gunfight raged, several more rebels drove into the

compound in a stolen truck, jumped off and began placing explosives around the station, the official said. The guerrillas withdrew shortly before a blast leveled the buildings.

■ Pope Urges 'Dialogue'

Pope John Paul II appealed Thursday for an end to the ethnic violence in Sri Lanka as he received the credentials of the country's new ambassador to the Holy See. The Associated Press reported from Rome.

Speaking to Ambassador Daliwatumulle Gamage Bandara de Silva, the pontiff recalled his remarks in July 1983, when he said the Christians in Sri Lanka "certainly shall not fail to contribute effectively to the longed-for reconciliation."

"It is my ardent prayer that such a dialogue will proceed with success," John Paul said, "and that the Sri Lankan history of respect and mutual acceptance among different religious and cultural traditions will prevail over whatever difficulties exist or will present themselves in the future."

The pope said the Roman Catholic Church in Sri Lanka "wishes wholeheartedly to be a source of understanding and peace, of development and tolerance."

Blood Clotter Is Cloned by 2 Labs in U.S.

The Associated Press

LONDON — Scientists at two gene-splicing laboratories in the United States have produced a synthetic blood-clotting substance that may eliminate the risk of hemophiliacs contracting hepatitis or AIDS, the British magazine *Nature* reported Thursday.

But the substance, clotting factor 8, will not be available to the public until three to five years of experiments and clinical tests have been carried out, the weekly science journal reported.

The magazine, heralding the discovery as "a technical triumph without parallel," reported that the scientists cloned the synthetic clotting factor from natural factor 8 drawn from humans and pigs.

Because it is manufactured rather than drawn from donated blood, the magazine said, the new clotting factor's purity is superior to natural factor 8.

The announcement follows the death last week of Terence McStay, 33, the second hemophiliac in Britain to die of Acquired Immune Deficiency Syndrome while taking natural factor 8.

The artificial clotting factor was produced at Genetics Inc. in San Francisco and at the Genetics Institute in Boston after several years of work by 19 scientists from Genetics, 14 from the Genetics Institute, 3 from the Royal Free Hospital of Medicine in London and 2 from the Mayo Clinic in Rochester, Minnesota.

"Whatever the commercial interests of those responsible, their cleverness will earn full-throated congratulations," *Nature's* editor, John Maddox, wrote. "Such is the promise of genetic engineering."



President Amin Gemayel of Lebanon, top center, watches an army parade Thursday during a ceremony marking Lebanon's independence from France. Mr. Gemayel is flanked by Prime Minister Rashid Karami, right, and Hussein Husseini, speaker of the parliament.

Gemayel Urges Support for Military As Lebanon Marks Independence

United Press International

BEIRUT — Lebanon marked the 41st anniversary of independence from France on Thursday with a military parade and an appeal to the nation by President Amin Gemayel to help the army unite the nation after nine years of factional warfare.

The celebrations came a day after the Lebanese cabinet approved a timetable to deploy army troops in the greater Beirut area, the volatile Ikkil Kharroub district and the coastal highway leading to Israeli troop lines in southern Lebanon.

"Rallying around the army is a national duty," Mr. Gemayel said. "Each of you is today called upon to help and support the army to restore unity to the nation. We should not waste the chances for peace and unity."

Mr. Gemayel thanked the United Nations for its role in troop-withdrawal talks with Israel, which he described as a "new chance to liberate our occupied lands." Israel invaded Lebanon in June 1982.

Famine Aid Surge Shows TV's Power

Film of Starving Ethiopians Reversed Years of Apathy

By Joanne Omang

Washington Post Service

WASHINGTON — For about a month now, Americans have been anguishing over the starving millions in Ethiopia, clogging the mail and telephone lines of relief agencies with a flood of donations. The famine, however, was documented to government and relief agencies two years ago.

The turning point was television. On Oct. 23, NBC aired a BBC film of emaciated children huddled by the hundreds in squalid camps. The pictures were riveting, as only the sight of a starving child can be. The dam of apathy broke at both government and private levels.

The record of the U.S. response to word that millions of Africans might die for lack of food is a lesson in the power of television to galvanize the U.S. public, and thereby to overcome political squabbling in the U.S. government.

Before Oct. 23, food aid to Africa by the U.S. Agency for International Development and private American organizations had been growing, but slowly. Newspapers had run long articles on the disas-

ter. Relief agencies had sent out mass mailings, churches pleaded for donations. Funds trickled in.

In Washington, bureaucrats and politicians had been arguing about helping Ethiopia since it meant aiding a Communist country, one whose leader denounced the United States almost daily.

In Ethiopia, secessionist rebels in areas badly hit by the famine had said that the government of Lieutenant Colonel Mengistu Haile Mariam diverted much of what relief there was to the army.

Colonel Mengistu had spent about \$100 million in September to celebrate the 10th anniversary of the revolution that brought his army to power, and only afterwards did he seem to focus on the famine.

U.S. food aid to Ethiopia in fiscal 1984 was 41,000 tons, valued at \$23 million. Colonel Mengistu called it a pittance, though it was more than any other nation had provided.

Since fiscal 1985 began Oct. 1, five times that amount has been committed. Two-thirds of the 215,000 tons of food, valued at \$98

million, already sent or on the way, was committed after Oct. 23.

Much more is in the works.

The United Nations Food and Agriculture Organization and the Ethiopian government first spelled out the dimensions of the crisis in late 1982.

But television had not yet covered the story, in part because Ethiopia would not grant visas for camera crews.

"It was kind of a low priority with us," said Joseph Angotti, NBC European news director, in a telephone interview from London.

In mid-October, a BBC crew got into Ethiopia. Mr. Angotti said he turned down the BBC's offer to view the film before it was broadcast. Then, he said, he saw it on the London news "and it just knocked us all right through the roof."

But NBC New York refused the story. Other NBC employees said the network was preoccupied with the U.S. elections and bored with the another African famine. But NBC London sent the piece the next day "and it had the same effect there as it had here," Mr. Angotti said. The film ran that night.

"The facts were there for anyone who wanted to see them two years ago," said Representative Howard Wolpe, the Democratic leader of the House African Affairs subcommittee who led a congressional tour to Ethiopia last year. "To say that we were taken by surprise is only to say that we didn't want to see before."

■ Aid From Britain

An Egyptian airliner landed Thursday in Addis Ababa carrying 40 tons of famine relief valued at 27,000 pounds (\$33,500) paid for by the people of Durham, one of Britain's worst areas of unemployment. The Associated Press reported.

Israel Reports 'Slim Progress' in Talks

Compiled by Our Staff From Dispatches

TEL AVIV — Negotiations on the withdrawal of Israeli troops from southern Lebanon have run into serious difficulty after only four rounds of talks, the head of the Israeli military delegation said Thursday.

Brigadier General Amos Gilbar said that only "very, very slim progress" had been made. He reiterated the Israeli position that United Nations peacekeeping troops should take over the northern zone of the region now occupied by Israeli soldiers, but the area near the Israeli border should be entrusted to the militia known as the South Lebanon Army, which is trained, armed and financed by Israel.

In the talks that began Nov. 8, Lebanon has rejected the continued existence of the militia and proposed deploying the Lebanese Army in the area instead. The issue is one of the most serious obstacles standing in the way of an agreement. The general criticized Lebanon's decision to cut the withdrawal talks from three to two sessions a week. (Reuters, AP)

he had documents proving the Libyan leader seized power in 1969 with U.S. backing and weapons.

■ **Libyan Denial in India**

Libya has categorically denied involvement in a plot to assassinate Prime Minister Indira Gandhi. Reuters quoted a spokesman for India's External Affairs Ministry as saying Thursday, Mrs. Gandhi was killed by two Sikh bodyguards on Oct. 31.

Egypt's Middle East News Agency said earlier this week that Colonel Qaddafi financed a plot to kill Mrs. Gandhi and was backing plans to kill other world leaders.

Egypt Charges 4 in Terror Conspiracy

United Press International

CAIRO — Four men, allegedly hired by Libya, have been charged with conspiring to perform acts of terrorism in Egypt, a charge that carries the death penalty.

The four men — two Britons and two Maltese — also were charged on Wednesday with "criminal conspiracy to commit murder" and "receiving payment" for carrying out subversive acts in Egypt.

The leader of the group, Anthony William Gill, 48, of Britain, told the newspaper Al Ahram on Thursday that he had been "extremely

foolish and stupid to get involved with the Libyans in any form."

"I was under great pressure from the Libyans to carry out this mission," he said.

The authorities said the four men were charged after they had confessed. They were arrested Saturday after a plan to kill Abdel Hamed Bakoush, a former Libyan prime minister who has lived in Egypt since 1977, was foiled by the Egyptian authorities.

Mr. Bakoush said in an interview published Wednesday that the Libyan leader, Colonel Muammar Qaddafi, wanted to kill him because

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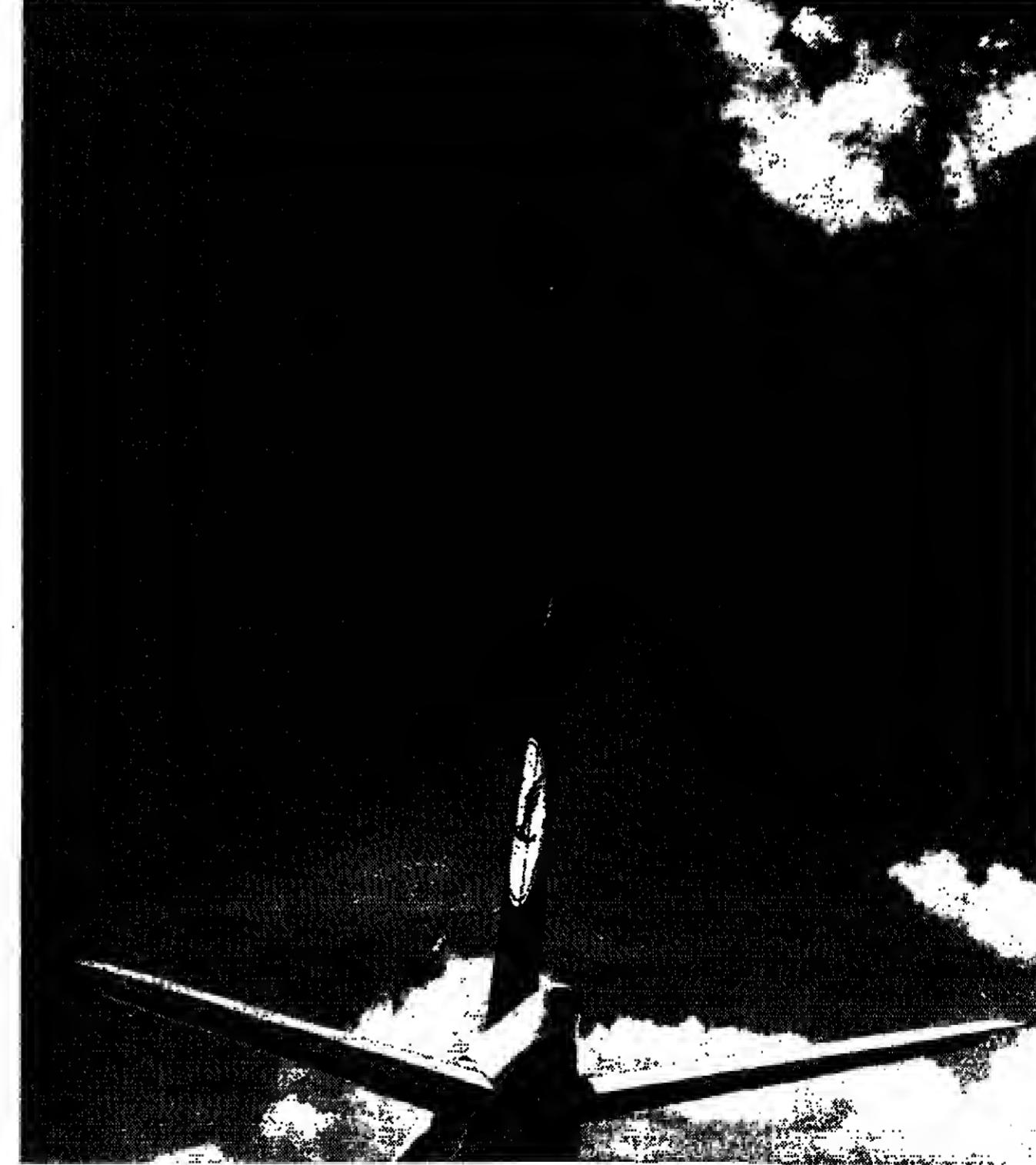


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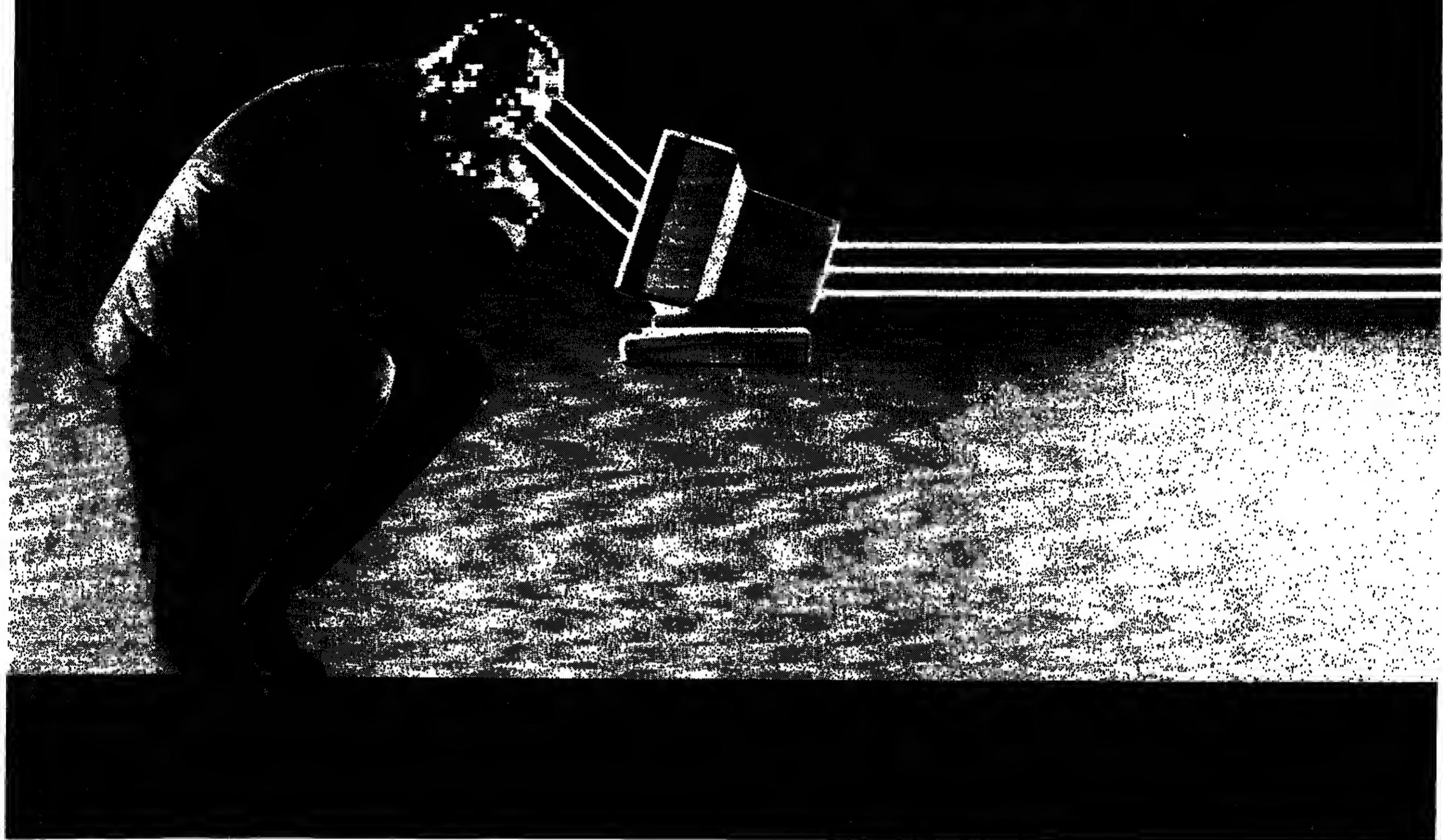
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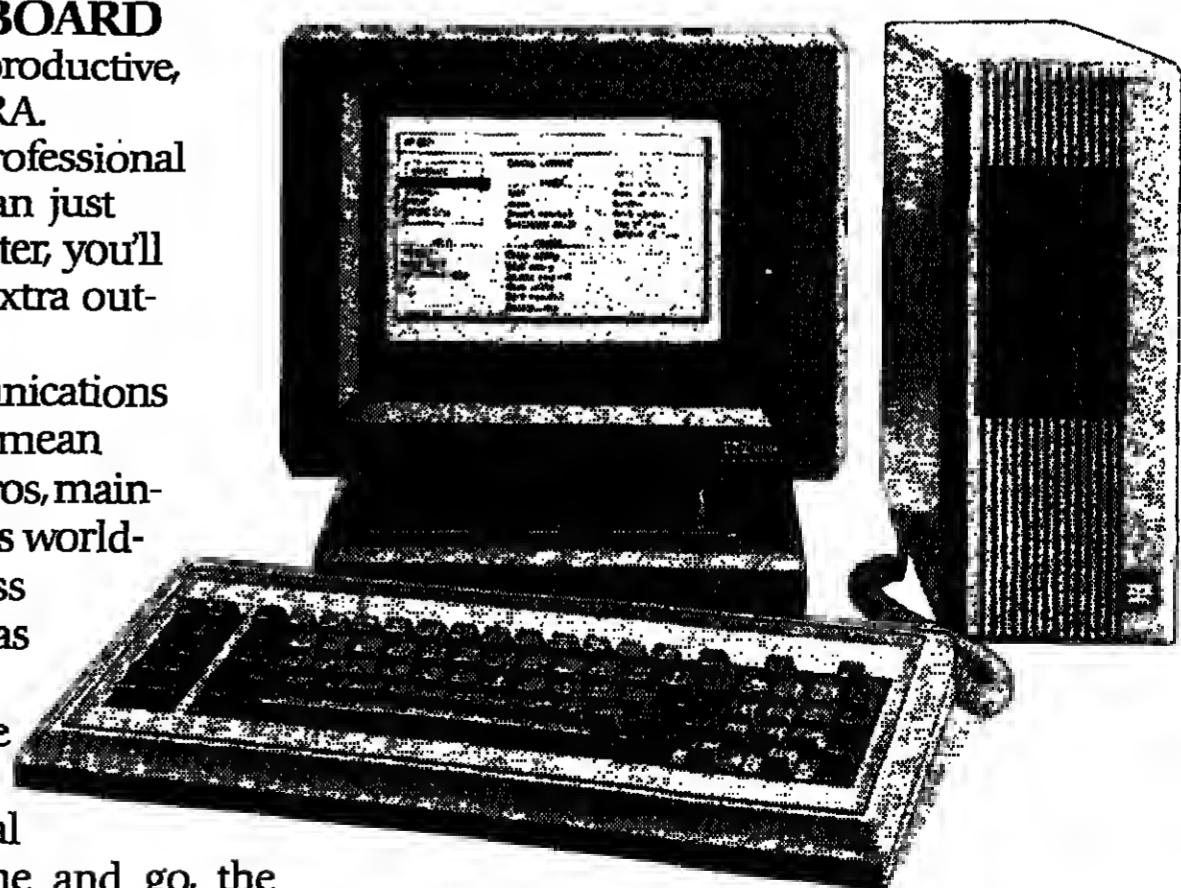
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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Giving After Thanksgiving

What does it mean to celebrate food in America while African children starve before our eyes on television? It can mean feeling smug about American bounty and pained about the unfavorable. It can mean feeling pious about American religions and politics, and disdainful of less productive ideologies. It can mean feeling guilty about waste, and hastily generous to dispense the leftovers.

For Americans to give thanks for food means celebrating bountiful nature, savvy farmers, brilliant chemists, excellent roads and a most efficient marketplace. Food is no longer just the product of sun and rain but the product of an enterprise so complex that it defies easy comprehension, and export.

Africa proves the point. If you are moved by pictures of skeletal children and parched lands, or by the news that millions of Africans are starving, do not think only of a hostile environment and drought. Yes, there has been too little rain and too much erosion, but there has also been too much civil war in Africa, with food a weapon for all sides. There has been too much urban arrogance in redesigning rural economies and too much ignorance of peasant needs and customs. There has been too much aid misspent on industry and mechanization. At times there has even been too much free food from abroad, depressing prices

and destroying incentives to grow more at home. For all these reasons, African populations served by better medicine have grown two, three, four times as fast as food output.

Now that famine has struck again, sending more food to Africa is the only response for humane societies. But, except in emergencies, the heaps on American tables and the surplus mounds in American storerooms cannot be effectively shared across the continents.

Food, although the fuel of life, is not a slice of bread to be broken in half; it is a system — of people and laws, schools and tools. Food is the inspiration for creativity, the stimulus for industry, the organizing principle of any society. True generosity means giving others the help they need to achieve such a system — help in comprehending the economics and chemistry of farming, in acquiring seeds and loans, in storing and distributing harvests.

Thanksgiving and famines evoke an impulse to share. But, year after year, in frustration, we have been cutting back on real help. Perhaps the ultimate virtue, beyond gratitude and generosity, is humility: a recognition that all our goodwill and all our food are inadequate to end the suffering before our eyes. Perhaps if we first accept our limitations, we will grow steadier in our surviving against them.

— THE NEW YORK TIMES.

America's annual festival of harvest, home and family was first celebrated in New England by people grateful for their community's survival. It was established as a national holiday by Abraham Lincoln in 1863, a time when the nation's survival was in doubt.

In good times and bad since then, has been customary for the president to issue a proclamation of Thanksgiving each year. But often there are less formal, more moving proclamations of the day's spirit. This year's came in a news story by The Associated Press from Yellowknife, one of the towns along the west coast of Canada's Hudson Bay inhabited by the Inuit (also known as Eskimos).

Twenty-seven years ago, in the winter of 1957-58, the caribou herds ran short and there was famine among the Inuit. Many died. "I was 10 years old, my brother was about 6," said Charlie Panagoniak, a survivor of the famine. "When the police plane came to rescue us we were so skinny the policeman had no trouble lifting us both up at the same time."

The Inuit do not have much today; there are never really any flush times where they live. But they are not starving to death. When they saw the television reports on famine in Ethiopia, they remembered the winter of 27 years ago. "I hurt for those people," said Mr. Panagoniak. "My brother was skinny like that and my mother, my father. My little sister was better off because my mother could feed her, but the rest of us were under the snow, and only our heads showing, waiting to die."

The Inuit in these communities have in recent weeks donated thousands of dollars to African relief. Mr. Panagoniak's town has given in a thousand. In Rankin Inlet, town of 1,300, contributions of \$6,000 were made during a weekend telethon. "We collected 400 pounds in pennies," said Edward Kabilingok, coordinator of the project. "That's the life savings of probably every kid in Rankin Inlet."

Such are the authors of the Thanksgiving proclamation of 1984.

— THE WASHINGTON POST.

That Deficit Is Growing

How quickly the bloom has faded from the Reagan administration's rosy economic forecasts. It is barely two weeks since election day and two vital statistics have had to be radically revised. The deficit will be much larger than advertised and economic growth will be much slower. The public deserves one more surprise — some sign that the administration recognizes the problem thus created.

Until the election the White House stood by its last official estimate, from August, that the fiscal 1985 deficit would be \$172 billion. "Everybody who reads the newspapers" knew it would be larger, says a spokesman now. Really? And also that it would balloon to a new record? The new deficit number is \$210 billion.

Some part of the deficit's growth, of course, is attributable to the slowdown. "Everybody" has indeed known all year that the pace had to slacken, and there was no cause for alarm when it did. From an unsustainable peak of 10.1 percent last winter the annual growth rate of the gross national product dropped to 7.1 percent in the spring quarter and still further

during the summer. But the extent of the summer slowdown has twice been substantially revised. The initial estimate of 3.6 percent has now been cut almost in half, to 1.9 percent. Activity is still expected to pick up next year, but few economists subscribe to the administration's confident assumption of 4-percent growth for several more years. That assumption was the basis for President Reagan's statement in the first debate with Walter Mondale that eventually the tax collections from a prospering economy would overtake federal spending and wipe out the deficit without a tax increase. It sounded like wishful thinking and it sounds preposterous now.

The Reagan administration began its first term with wildly optimistic forecasts to justify huge tax cuts and military increases. The last four years should be a lesson. No foreseeable economic growth or cutbacks in non-defense spending can bring the deficit under control. The planners of the second term need to show that they have learned from the first.

— THE NEW YORK TIMES.

Other Opinion

A Settlement Soon in Angola?

After a series of meetings involving Angolan, South African and American officials, President José Eduardo dos Santos of Angola has implied that he would be happy if most, possibly all, Cuban troops left his country. For their part, the South Africans, for whom such a withdrawal is a sine qua non of a settlement in Namibia, have made it clear that they could leave that country in a matter of weeks.

On the basis that a settlement which ignores UNITA is not feasible, it is suggested in some quarters that a deal is being, or even has been, worked out to bring the government of President dos Santos and UNITA together in a sort of coalition. Though such arrangements have of course never worked in post-colonial Africa, it is not inconceivable that the parties might at least temporarily throw themselves into such a compact if the time were right. The question is whether President dos Santos and his government are so concerned about the destruction of their country that they will share their power

— The Baltimore Sun.

FROM OUR NOV. 23 PAGES, 75 AND 50 YEARS AGO

1909: U.S.-Canadian Tariff Friction
NEW YORK — The American newspapers some time ago were full of more or less complimentary references to the supposed necessity of applying the maximum schedule of the new tariff to Canadian imports unless Canada made overtures in a proper spirit for the purpose of avoiding such a disaster. The Dominion Parliament, now in session, shows not the slightest disposition to go to Washington cap in hand. Apparently there is little prospect of Canada abandoning the export duties on lumber and other products which are badly wanted in this country, and the maintenance of which, it is contended by the Washington Government, constitutes a discrimination warranting the application of the maximum tariff on Canadian goods entering the United States.

1934: Yugoslavia Accuses Hungary
GENEVA — Charging Hungarian complicity in the murder of King Alexander at Marseilles [see Oct. 9], Yugoslavia invoked the Covenant of the League of Nations [on Nov. 22], in a letter demanding action by the Council on a "situation which seriously compromises relations between Yugoslavia and Hungary." "This is not the case," said the Yugoslav letter, "of a political murder which is the work of an isolated individual. The question involved is that of drilling and training on territory of a foreign state of professional criminals intending to commit a series of outrages and assassinations for a specific political purpose. The facilities and protection enjoyed by the criminals on Hungarian territory during their long and careful preparation are hardly credible."

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TRAVEL

INTERNATIONAL DATEBOOK

AUSTRIA

VIENNA, Bosendorfer Hall (tel: 65.66.51). CONCERT — Nov. 26: Ro-Mi-Ro Trio (Diabelli, Haydn). RECITALS — Nov. 27: Otto Niedendorfer piano (Beethoven, Chopin). Nov. 28: Gerhard Panzenboeck bass (Brahms). Nov. 29: Lorenz Ewascho baritone, Jan Wagner piano (Mozart, Schubert). English Theater (tel: 42.12.60). THEATER — Through November: "The Zoo Story," "Counting the Ways" (Albee). International Theatre (tel: 31.62.72). THEATER — Nov. 29 and 30: "Our Town" (Wilder). Konzerthaus (tel: 72.12.11). CONCERTS — Nov. 24 and 25: Vienna Chamber Orchestra, Herbert Fritsch (Mozart, Haydn, Purcell). Nov. 26 and 27: Alpen Berg Quartet (Beethoven, Mozart). Nov. 29: Vienna Symphoniker, Jesus Lopez Cobos conductor (Meyerbeer, Faure). Nov. 30: Amsterdam Baroque Orchestra, Ton Koopman conductor (Bach, Muffat). STAATSSOPER (tel: 53.240). BALLET — Nov. 27 and 28: "Nutcracker" (Ivanov, Tchaikovsky). OPERA — Nov. 24: "Tristan und Isolde" (Wagner). Nov. 25: "Die Walküre" (Wagner). Nov. 29: "Ariadne auf Naxos" (Strauss). Theater an der Wien (tel: 57.96.32). MUSICAL — "Cats" (Lloyd Webber).

BELGIUM

BRUSSELS, Opéra National (tel: 217.22.11). BALLET — Nov. 24 and 25: "Notre Dame" (Bejart, Bach). *Salles des Beaux-Arts (tel: 51.29.95). CONCERT — Nov. 29: Berpen Philharmonic Orchestra, Edith Volckaert violin (Sibelius). GHENT, Royal Opera (tel: 25.24.25). OPERETTA — Nov. 25 and 28: "The Beggar Student" (Müller). LIEGE, Théâtre Royal de Liège (tel: 23.59.10). OPERA — Oct. 24 and 25: "Simon Boccanegra" (Verdi). ENGLAND

LONDON, Barbican Centre (tel: 628.87.95). Barbican Art Gallery — To Nov. 13: "Impressionism to the Present Day." Nov. 15-January: "James Tissot." Barbican Hall — London Symphony Orchestra — Nov. 22: Pinchas Zuker-

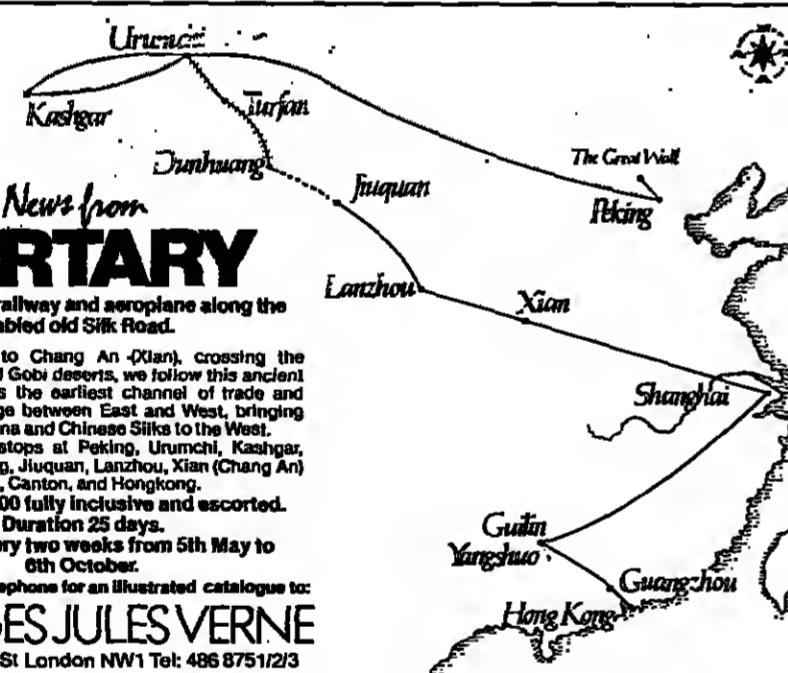
man conductor/violin (Rossini, Vivaldi). Nov. 27: Pierre Boulez conductor, Joyce Norman soprano (Stravinsky, Berg). Nov. 28: English Chamber Orchestra, Philip Ledger conductor/harpsichord (Bach, Haydn). Nov. 29: John Georgiadis conductor (Beethoven, Mozart). Barbican Theatre — Royal Shakespeare Company — Nov. 24, 26, 27, 30: "Mother Courage" (Brecht). Nov. 28 and 29: "Henry VIII" (Shakespeare). Royal Academy of Arts (tel: 734.50.52). EXHIBITIONS — To Dec. 16: "Royal Academy Architecture." Nov. 23: "Modern Masters from the Thyssen-Bornemisza Collection." Royal Opera (tel: 240.10.66). BALLET — Nov. 24 and 27: "Vari Capricci," "Young Apollo," "Elite Syncopations" (Astorini, Bimbi). Nov. 28 and 30: "Mayering" (MacMillan). OPERA — Nov. 26 and 29: "Don Giovanni" (Mozart). *Wigmore Hall (tel: 925.21.41). CONCERTS — Nov. 24: Nash Ensemble, Anthony Rolfe Johnson tenor (Rossini, Mendelssohn). Nov. 25: Allegri String Quartet, Rian de Waal piano (Britten, Dvorak). Nov. 30: Paragon Ensemble, Linda Ormiston mezzo-soprano (Mozart, Puccini).

FRANCE

LILLE, Musée des Beaux Arts (tel: 57.01.84). EXHIBITION — To Jan. 28: "Le Chevalier Jean-Baptiste Wicar." *Opéra (tel: 48.56.51). EXHIBITION — Nov. 28 and 30: "Così fan tutte" (Mozart). PARIS, Artcurial (tel: 299.16.16). EXHIBITION — To Dec. 1: "Le Chevalier du Cœur," photographs by Kevin Carter. *Centre Georges Pompidou (tel: 12.12.33). EXHIBITIONS — To Dec. 16: "Prix Baily-Malraux Grand," photographs. To Dec. 30: "De Matrice à nos jours," "Miro, les 3 Bleu, 1961." *Musée Rodin (tel: 526.99.73). EXHIBITION — To Dec. 24: "Le Musée." *Galerie Nichido (tel: 266.62.86). EXHIBITION — To Dec. 1: "Shirley Barrat: La Goutte d'Or," photographs. *Musée d'Art Moderne (tel: 723.61.27). EXHIBITIONS — To Jan. 6: "Jean Hélion." *Utoerfahrt (tel: 448.27.94). JAZZ — Nov. 27 and 28: Peter O'Mara Trio. Nov. 27: "Heimut Newton."

WEEKEND

TRAVEL



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INTERNATIONAL DATEBOOK

Fall Vegetables, Plain and Fancy

by Nancy Jenkins

Or try some good, green extra virgin olive oil on a freshly baked potato.

natural flavors, that was characteristic of English upper-middle-class households.

POTAGE LORRAINE

(Cream of carrot soup)

This recipe can be adapted for turnips, leeks, broccoli or butternut squash. If using the last, add 1/4 teaspoon well-flavored garam masala or curry powder in step 2.

9 medium-sized carrots

1 medium-sized yellow onion

3 stalks of celery

4 ounces of unsweetened butter

1/4 cup dried white beans, preferably lima

haricot beans

6 cups chicken or veal stock

1 cup milk or light cream

1. Scrape the carrots, peel the onion and cut these vegetables and the celery into chunks.

2. Melt the butter in a good-sized stockpot and add the vegetables. Stir and heat in the butter until they are well coated. Add the beans and stir well.

3. Bring the stock to boil in a separate pan and add to the vegetables and beans. Cover and simmer, stirring occasionally, for one hour or more.

4. Remove from heat, let cool slightly and pass the soup through a vegetable mill, or process, little by little, in a food processor until it is a desired consistency.

5. Return to the rinsed-out stockpot and bring to a slow boil. Add cream slowly.

6. Serve immediately, with a pat of butter in each soup plate.

Yield: 4 to 6 servings.

NOTE: Garnish soup, if desired, with a little chopped parsley or chopped dill.

CREAMED BRUSSELS SPROUTS

This recipe can be adapted for turnips, leeks or Jerusalem artichokes.

1 1/2 pounds brussels sprouts

1 quart boiling water

2 tablespoons glace de viande

1 teaspoon salt

1/2 teaspoon freshly ground black pepper

1/4 teaspoon freshly grated nutmeg

1 cup light cream

1. Trim the brussels sprouts of any loose or yellowing leaves and cut a cross in the stem end of each one. Add them to the quart of boiling water and cook for exactly 7 minutes. Remove from heat, drain and run cold water to stop the cooking.

2. While sprouts are cooking, bring cream to a boil in a separate saucepan and reduce by boiling to 1/2 cup.

3. Place the sprouts in a sauté pan with the glace de viande and flavorings. Add the reduced cream and cook over medium heat for 5 minutes, tossing the sprouts in the cream to coat well. Serve immediately.

Yield: 4 to 6 servings.

NOTE: This recipe is improved by the addition of 1 tablespoon of strong Dijon mustard to the reduced cream.

CHINESE-STYLE STIR-FRIED BROCCOLI, CARROTS AND LEEKS

1 bunch broccoli

3 medium carrots, scraped

3 medium leeks, white part only

1 tablespoon peanut oil

1 teaspoon finely minced garlic

1 teaspoon finely minced ginger

2 tablespoons chicken broth

1 tablespoons sesame seeds

1 teaspoon light soy sauce

1 teaspoon sesame oil

1. Trim the broccoli, discarding thick stems and leaves. Cut into flowerets. Slice carrots and leeks thinly.

2. In a wok or large sauté pan, heat the peanut oil. Add minced garlic and ginger and stir-fry briefly to flavor the oil. Add broccoli, carrots and leeks and toss briefly to mix well. Add chicken broth, cover and cook for 3 minutes over medium heat. Remove cover, raise heat, and cook, stirring constantly, for 5 minutes, until vegetables are tender.

3. While vegetables are cooking, toast sesame seeds in a separate sauté pan until they are golden brown. Set aside.

4. When vegetables are done, add soy sauce and mix well. Remove from heat, turn into a warm serving bowl and sprinkle with sesame seeds and sesame oil. Serve immediately.

Yield: 4 to 5 servings.

© 1984 The New York Times

Sampling Cuban Culture

good bolero, with perhaps half an hour of Omara Portuondo, or Elena Burke, the grandes dames of "Le Feeling," the 1940s music whose jazz harmonies and sentimental melodies are still popular. José Antonio Méndez, with his hoarsely soulful voice, sings at the Scheherazade just next door.

Ever since the violinist Max Pollin disembarked in Havana's port, jazz has been a favorite of many Cuban musicians. Among those who have come out of the Cuban school of jazz are José "Chombo" Silva, a saxophonist with Santana, the percussionist Armando Peraza, and Paquito D'Rivera, the flutist and tenor saxophonist who recently went into exile.

Music is perhaps the most easily popularized of the arts, but it is also the most abstract, and the least malleable to the "party line." The New Troubadour movement, which combines poetry and modern barnacles with the traditional Cuban percussion and ballads, sometimes has a political message. But love, drink and sago are the usual topics.

In the visual arts, a lack of creative freedom is more difficult to disguise. But at last summer's first Cuban Biennial of the Plastic Arts, "socialist realism" was nowhere in sight. The biennial, viewed by 175,000 visitors, brought together the work of artists from 22 Latin American and Caribbean countries, as well as by some Chicanos living in the United States.

Primitivist peasant paintings from Nicaragua, with brightly colored harvest scenes, contrasted with white-on-white canvases and geometric patterns submitted from such countries as Brazil and Venezuela. The Cubans, including works by Wifredo Lam and René Portocarrero, favored an avant-garde surrealism, drawing on African and naturalist influences. Colors ranged from brilliant reds, yellows and Caribbean blues to sophisticated gradations and nuances of tone.

The show's range of color, content and

style would seem to lend credence to the claim of the Cuban minister of culture, Armando Hart Díaz. "We can't invent artists, but we have created the necessary conditions so that artists may emerge and so that no talent remains frustrated or unable to express itself."

There are an increasing number of art teachers and art schools, 100 salons throughout the country every year, 230 museums and 200 cultural centers. These reflect a policy aimed at bringing culture to the masses and increasing popular participation in art.

SUCH aims, in a developing country, are facilitated by the relatively basic materials needed for their expression. Cinema, on the other hand, requires a high level of technical competence and costly materials.

Before the revolution there was virtually no national film industry. With the exception of one film, "El Mégano," made in difficult conditions by a group of revolutionaries, all cinema was controlled and produced by foreign companies, 50 percent by the United States.

Created in 1959, the Cuban Institute of Cinematographic Art and Industry has generated a flourishing industry and is now known worldwide for its documentaries and for an increasing number of dramatic films.

Since materials are scarce and expensive, popular participation in cinema consists mainly of argument and debates on recent films. Almost every Cuban moviegoer considers himself a critic. In addition to Cuba's 500 movie theaters and mobile movie trucks for remote rural areas, films are shown at factories, universities, cultural clubs and on television.

Film discussions may, to the outsider, seem like college political debates, but the Cubans consider them their form of "cultural democracy." One such debate occurred at a public showing at the Foundation for Cul-

tural Heritage, a restored colonial mansion in Old Havana, of "La Habanera," a new film by Pastor Vega, director of the cinema institute.

The film takes place in a Havana Hospital psychiatric ward and explores the relationships between men and women in this traditionally macho society. In particular, it examines the contradictions of the woman who is chief of the unit and who is unable to apply her psychological insights to her own private life.

The film caused a scandal primarily because it was felt that it did not reflect the lives of the majority of Cubans, but rather that of a privileged few, the professionals.

Vega, who moderated the debate after his film had been shown, was besieged by questions: about the film's ending, his style of photography, the subject matter, and especially, about the lifestyle of his protagonists.

"In my factory," said one young man wearing blue jeans and a plaid shirt, "we all saw your film. The way these people live, their house, color television, the large majority of Cubans just don't live that way."

At the end of the evening, Daya Granda, Vega's wife and the female lead, was moved to defend herself in an impassioned speech. "No one," she concluded, "no one can tell me how Cubans live! I, too, am a Cuban, and I grew up in the same deprivations, the same one-room apartment with two children and a husband as many of you. And I've suffered like the rest of you! No one can tell me how Cubans live!"

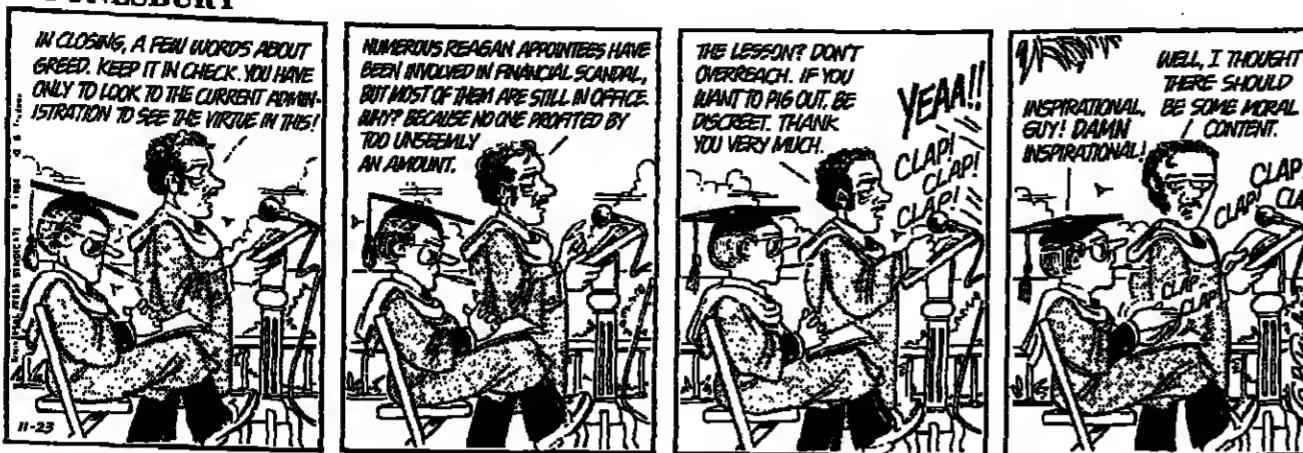
Such debates may or may not have real influence on cultural policy, but they are not merely decorative. They do seem to reflect an awareness of what is happening culturally and a feeling that the opinion of the simple man in the street counts. Just as every sector of the population participates in music, or could be seen at the Biennial art exhibition, so people from all strata of life attended the film debate.

Because in Cuba, culture is everybody's business.

Illustration by Nicolas Ascani

Continued from page 9

DOONESBURY



An Ancient Garden in the Gulf

The land of Dilmun is holy, the land of Dilmun is pure.

In Dilmun no cry the raven utters,

Nor does the bird of ill-omen foretell

calamity.

The lion kills not, nor does the ravening wolf

Snatch away the defenseless lamb.

Unknown is the wild dog who tears the kid.

The dove does not conceal its head.

No one here says, "My eyes are sick."

No one here says, "My head is sick."

No one here says, "I am an old woman."

No one here says, "I am an old man."

The maiden walks here in innocence.

No lustrations need to be poured.

The somber death priest walks not here,

By Dilmun's walls he has no cause for lamentations.

by Paul Lewis

MANAMA, Bahrain — Those words come from one of the world's oldest poems. It was first written down some 4,000 years ago in the ancient Sumerian city of Nippur near the Euphrates, using cuneiform script on a clay tablet.

The poem tells about the doings of the gods at the dawn of time in a sacred island paradise called Dilmun, a place closely resembling the Garden of Eden, where death and sickness did not exist and sweet waters flowed.

Holy Dilmun is mentioned in many other cuneiform writings of that period. The epic hero Gilgamesh goes there to obtain the secret of eternal life from Ziusudra, who alone among mankind survived the Great Flood after building an ark on instructions from Enki, Lord of the Abyss and Ruler of the Sweet Waters Under the Earth.

Gilgamesh dives into the sea with stones attached to his feet and brings up the "Flower of Immortality." In a clear parallel with the biblical story of Adam and Eve, he allows a serpent to eat the flower, cheating mankind of its benefits.

Other ancient records show that 4,000 years ago Dilmun was also a great trading center and the capital of an empire. Yet until 1857, when Sir Henry Rawlinson, a British scholar, discovered how to read cuneiform and the first references to this ancient island paradise were deciphered, the name of Dilmun had vanished from the collective memory of mankind.

That Nineveh, Babylon, Thebes and Ur had all once been great cities was never entirely forgotten because their names are recorded in the Bible, even if little was known about them. But for thousands of years the legend of Holy Dilmun, the island paradise where man lived forever, disappeared.

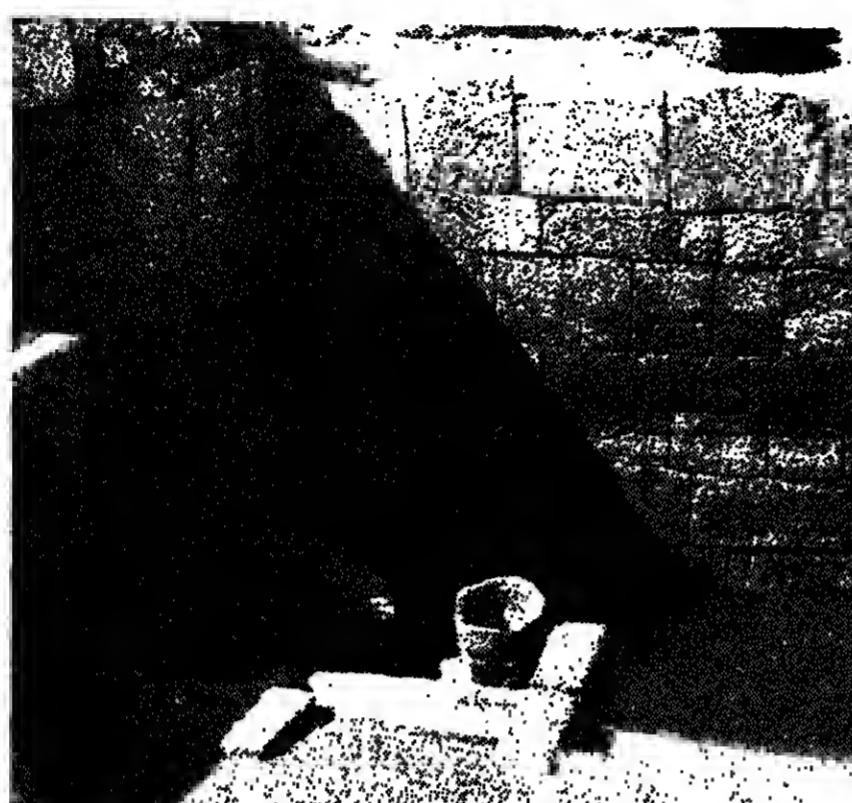
THE enthralling tale of how Geoffrey Bibby and other archaeologists from the Prehistoric Museum in Aarhus, Denmark, identified the present-day Persian Gulf island of Bahrain as the site of the lost paradise of Dilmun is told in Bibby's book "Looking for Dilmun." It is one of the most gripping archaeological detective stories ever written.

But visitors to Bahrain today can relieve Bibby's search for Dilmun with the help of his book, visiting the major excavation sites, inspecting the most important finds and recapturing something of the excitement he felt as the pieces in the puzzle slowly fell into place and the ruins of "lost" Dilmun emerged from beneath his trowel.

Today this tiny, verdant island, with its copious freshwater supplies, still seems a kind of paradise in that parched, bone-dry region of the world. Lying just off the coast of Saudi Arabia, barely 60 miles (100 kilometers) long and 30 wide, Bahrain is the garden of the Persian Gulf, with shady palm groves full of bright-colored birds, fruit and flowers.

At several points around the coast, springs bubble up through the lime from the ocean floor with such force that you can drop a bucket into the sea and pull it up full of fresh water.

It remains a famous center for pearl fishing, where divers still weight their feet with stones just as Gilgamesh did. And how much more beautiful than modern white cultured



The well of Enki, Lord of the Abyss, still fed with clear water by a spring.

pearls are the big, lumpy natural ones, with their luminous, greenish hue.

Emerald shoal waters surround the island, and at the end of the last century, Captain Edward L. Durand, an early explorer, described daybreak on Bahrain in terms still true today. Nature, he wrote, seemed to have "exhausted every tint of living green in her paint box; and then, wearying of the effect, splashed a streak of angry purple into the foreground."

But Bahrain has a mysterious side. In the sandy center of the island lies a truly astonishing sight — thousands upon thousands of little hillocks, each about 10 to 15 feet (3 to 5 meters) high and packed tightly together in an unending vista so that at first the visitor thinks they must be a natural phenomenon, like sand dunes. But they are not. The hillocks are man-made grave mounds. Bahrain, the original Garden of Eden, is also an ancient island necropolis.

Bahrain is the only Gulf state that welcomes Western tourists and tries to make them feel at home. Although a Moslem country like other Gulf states, Bahrain is more tolerant than Saudi Arabia or Kuwait. Alcoholic drinks, pork dishes, magazines and books shunned elsewhere in the Gulf are all available in hotels and restaurants frequented by foreigners. Women are permitted to drive, and mixed swimming is allowed.

These days the hunt for Dilmun begins at Bahrain's National Museum over the causeway from the capital of Manama on Al-Muharraq island near the airport.

THIS is an essential first stop, because visitors need to get a pass from the director, Sheikh Haya al-Khalifa, to visit the Barber Temple, a key Dilmun relic. But the museum also contains a splendid display of Geoffrey Bibby's major finds, telling the story of the discovery of Dilmun and its links with the Garden of Eden.

Here, too, is a replica (the original was lost in London during World War II) of the first major clue identifying Dilmun with Bahrain. It is a foot-shaped black basalt stone found by Durand in 1879 while surveying the island's antiquities and bearing the Sumerian inscription: "Palace of Rimun, slave of the God Inzak, man of the tribe of Agarum."

Besides the Dilmun antiquities, the museum has displays devoted to pearl fishing and local art and clothes. Particularly interesting are those devoted to women's clothing, showing the sumptuous traditional Bahraini marriage dress and the scarcely less magnificent clothes worn in the old days by unmarried women. Of course, in the street, Bahraini women to this day continue to be shrouded in black veils, but at home they look very different.

A 15-minute taxi ride from any of the big hotels along King Faisal Boulevard will take the Dilmun enthusiast to the site of Bibby's first great find: Qalat al-Bahrain. Only the tumbling-down walls remain, though inside you can see the remnants of the palm-leaf encampment Bibby and his Danish companions built there in 1957, the last vestiges of what the archaeologists dubbed the "Carlsberg Culture" after the Danish beer they drank.

Below the fort's southern walls lie remaining bits of the walls of the Dilmun-age "palace" they found, the first evidence there was a thriving civilization on the island 4,000 years ago. Here were discovered the famous Dilmun seals and weights, which link the island with ancient Ur and the Indus Valley, confirming its importance as a trading center. But here Bibby also found astonishing evidence of a direct religious link between the inhabitants of ancient Dilmun in the third millennium B.C. and the much older legend of Gilgamesh's unfortunate encounter with the serpent — ritually buried rows of pots, each containing a snake's skeleton and a pearl.

Bibby identifies the pearl with the Flower of Immortality, recalling how in ancient Egypt Cleopatra drank an elixir of pearls dissolved in wine. "Here we have clear proof that the legend of Gilgamesh was still a living and integral part of the religion of Bahrain at the time the palace was built and inhabited," he writes.

Today, visitors can scramble into the pit and walk along the streets of ancient Dil-



Gazelle as shown on a Dilmun seal.

TRAVEL

Voltaire and Wagner Liked It Here

by Henry Kamm

BAYREUTH, West Germany — The town of Bayreuth, claimed for more than a century by Wagner and the Wagnerians, is about as un-Wagnerian as a town in Germany can be. It is content with traditional harmonies and abounds in them. It prizes balance, and its luxury is a kind of mock modesty achieved at huge expense. Bayreuth is — yes, why not say it? — sweet, right up to the foot of the Green Hill, where the Festspielhaus rises and Wagnerland begins.

The princely seat in Upper Franconia, a Bavarian border march near where the two Germans and Czechoslovakia meet, yielded to delusions of grandeur once in its history, and that brought Wagner running. He found Bayreuth's folly, its opera house, insufficiently grandioses, but loved the town and chose it as the site of the temple to his particular muse, fashioned to his extravagance.

This made Bayreuth a cult mecca, which might place it off limits during the Wagner Festival from late July until the end of August for non-Wagnerians fearful of being engulfed by the acolytes. Still, this leaves more than 10 months to enjoy an aristocratic town that has remarkably preserved — and after World War II faithfully rebuilt — an architectural ensemble of 18th-century grace and a style much its own.

The style is that of one of the century's many remarkable women, Friederike Wilhelmine Sophie, princess of Prussia and favorite sister of Frederick the Great. Married for political reasons to Margrave Frederick of Bayreuth, this young princess of exceptional artistic talent and cosmopolitan culture, a friend of Voltaire and a true daughter of the Enlightenment, found herself banished from Berlin's worldly court to a Franconian backwater.

Fortunately her husband was not without taste himself, and indulged his wife in her considerable effort and expense to make Bayreuth a court and residence town of a sophistication in which Voltaire, musicians, painters and actors would be at home. The Margrave Wilhelmine was herself an author, always in French, of plays, a remarkable diary and brilliant letters, as well as a composer of operas and instrumental music and a designer of palaces and, above all, gardens.

The results were as beautiful as they were uniquely expensive. Thirty-three years after Wilhelmine's death in 1758 at the age of 49, the bankrupt throne fell to Prussia, and later to Bavaria. After this gentle Götterdämmerung, culture in Bayreuth sank into slumber, from which Wagner awoke it in stentorian fashion.

The results of her cultural campaign were

as beautiful as they were uniquely expensive.

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Wagner awoke it in stentorian fashion.

The principal jewel in the pleasing crown

is the Margravial Opera House, which drew Wagner in quest of the theater worth of his music-dramas. Mighty as was the stage left by Wilhelmine, who thought the world of the theater and built accordingly, Wagner found it inadequate. He persuaded his sponsor, Ludwig II of Bavaria, to erect his Valhalla on the Green Hill instead.

The result was the preservation intact of the Opera House, one of the perfect examples of an 18th-century theater, the Baroque counterpart of the equally splendid and more famous Rococo Cuvillierteater in Munich. Nothing in the classical, columned facade of the exterior, not freestanding but abutted by town houses on either side, prepares the visitor for its sumptuous interior. It exudes drama and music even when the only action in the house is a custodian's lecture to a tour group.

The drama lies in the *forceful* and *tense* style of the most vigorous Italian Baroque, devised by the Bolognese theater designer Giuseppe Galli Bibiena and his son, Carlo. The house has three tiers of loges starting from a magnificent, haledachined court box at the center, flanked by columns and topped by the Margrave's crest and Wilhelmine's crown, presented by trumpeting angels.

The music derives from the richly painted ceiling and curtain and the harmony of shades of grayish and greenish blues, accented by ample use of gold and an occasional touch of red.

It would be magical to see the theater in action, but performances are limited to an annual June visit of the Bavarian State Opera and occasional recitals by off-duty Wagner singers. But a visitor's imagination may conjure up those days in 1748, when Elisabeth Friederike Sophie, 16, the Margrave's and Wilhelmine's daughter (called "the most beautiful princess of Europe" by no less an authority than Casanova), celebrated her marriage with two operas, several French comedies and a gala dinner as the house's inaugural events.

The theater, which was the magnet that drew Wagner, served once again in 1938 in a cause for which it had not been intended: It saved the adjoining synagogue — if not its congregation — during the Kristallnacht outbreak of anti-Jewish violence. The Nazis feared that setting it afire, as they did to most other German synagogues, would endanger the theater; they contented themselves with defiling the shrine's interior.

Guided visits to the opera house take

place mornings and afternoons, except on

Mondays. The beautiful corner house to the left now holds the Opern-Cafe, whose shady garden is a lovely spot for a light lunch or refreshment, to the putting of a fountain sparkling forth through the mouth of a

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Denmark	D. Kr.	1,500	750	410
Finland	F. M.	1,120	560	308
France	F. F.	1,000	500	280
Germany	D. M.	412	206	115
Great Britain	£	82	41	23
Greece	Dr.	12,400	6,200	3,450
Ireland	£. Irl.	104	52	29
Italy	Lire	216,000	108,000	59,000
Luxembourg	L. Fr.	7,300	3,650	2,000
Netherlands	Fl.	450	225	124
Norway	N. Kr.	1,160	580	320
Portugal	Esc.	11,200	5,600	3,080
Spain	Ptas	17,400	8,700	4,800
Sweden	S. Kr.	1,160	580	320
Switzerland	S. Fr.	372	186	102
The rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East				
S. 284 142 78				
Rest of Africa, Canada, Latin America, Gulf States, Asia				
S. 396 198 109				



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THE GULF STATES

A SPECIAL REPORT

FRIDAY, NOVEMBER 23, 1984

Page 13

Mutual Defense: A Regional Priority Is Nearing Reality

MANAMA, Bahrain — When the Gulf Cooperation Council opens its annual summit on November 27, a mutual defense accord, promising each state military aid from the others in the event of an attack, is expected to be high on the agenda.

If adopted, the accord will be one of the landmarks of the council's short history and a step toward its major aim: increasing security to protect the oil routes and member states' government systems.

Although they are the world's wealthiest states, the Gulf countries are notoriously underprotected, a result of their history and tiny populations.

Until 1971, the area was policed and defended by Britain, but the Labor government's decision to end the British military presence "east of Suez" by 1971 left the Gulf vulnerable just as its revenues were about to shoot up with increased oil prices.

"Frankly, we were very dis-

turbed when we realized that the British were going," one senior Bahraini official said. "There may have been reasons not to like their presence politically, but their military presence meant that security was something we did not have to worry about."

Since then, Iran's Islamic revolution — with Tehran's pledge to export it — and the 4-year Iran-Iraq war in the north of the Gulf have focused the Gulf states' attention on security. At the Indian Ocean mouth of the Gulf, the proximity of Soviet-occupied Afghanistan and Moscow's friendship treaty with South Yemen give another dimension to the Gulf leaders' fears.

To achieve better military security, the Gulf states need a coordinated defense policy, a unified command and standardization of the military equipment.

The first steps toward cooperation have been taken relatively

(Continued on Next Page)



Saudi Arabia's Aj Hassa oasis.



Members of the Gulf Cooperation Council:

Bahrain
Qatar
Kuwait
Saudi Arabia
Oman
The United Arab Emirates



Inside the Kuwait Maternity Hospital.

Signs of Unity On the Horizon As GCC Evolves

By Julian Nundy

MANAMA, Bahrain — The Gulf Cooperation Council appears to be one attempt at Arab unity that is actually making headway.

Formed by Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates, the council was set up on May 26, 1981, with the aim of integrating the six countries' economies and the eventual creation of a joint force to defend the Gulf and its vital oil routes.

On paper, its beginnings were not promising. Six members of the Arab League, a body that is frequently riven by disputes, set out to work toward unity. They studied — and in some cases emulated — the statutes of the European Community, whose public image is one of a massive and quarrelsome bureaucracy.

But, three-and-a-half years after its creation, Gulf officials express modest satisfaction in the progress so far, a sentiment that foreign analysts share.

"As far as we can see, it is an integration movement that is going ahead and is on course," a Western diplomat in Bahrain said.

Despite the progress, however, the grouping faces difficult security problems and, even with its oil wealth, now faces a period of recession.

The formation of the GCC came about eight months after the outbreak of the Iran-Iraq war. The conflict sparked fears of a Gulf-wide war and it underscored the need for better defense in the sparsely populated Arab Gulf states.

But the cautious governments in those countries were reluctant to be too conspicuous in their attempts to strengthen their defenses and have proceeded very slowly toward

cooperation between their armed forces, although they have embarked on expensive arms purchasing programs.

They have held two sets of joint maneuvers, the last being the Peninsula Shield II exercises in Saudi Arabia in October.

The eventual aim is to set up a joint command and a rapid deployment force to hold off attack while the council's Western allies rush in their forces.

With a coordinated defense so long way off, the GCC has put a lot of emphasis, albeit discreetly, on internal security and coordination between their police forces.

A series of bombings in Kuwait last December and the discovery of an arms cache in Bahrain in February were two recent examples of the security hazards that continue to face the region.

The Gulf states firmly believe that Iran is behind attempts at subversion. They also believe that, with its military might seriously depleted by the war with Iraq, Tehran is likely to concentrate on terrorism and subversion to spread its revolution to its neighbors.

"The man in the street wants security," said Bahrain's information minister, Tariq al-Moayyed. "Security is the main pillar for unity."

As far as economic issues are concerned, the Gulf states have moved to abolish tariff barriers for goods originating in their countries and they have called for standardized economic regulations and coordinated development.

In many cases, the agreements were easy to put into practice initially since Saudi Arabia had many bilateral accords with the smaller states and it was simply a matter of

(Continued on Next Page)

Oil Producers Learn to Live With New Times, Lower Output

By Randa Takkiedine

PARIS — The 10 members of the Organization of Arab Exporting Petroleum Countries (OAPEC) — Algeria, Bahrain, Egypt, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, Syria, Tunisia and the United Arab Emirates — have witnessed a decline of crude production from 12.56 million barrels a day in 1982 to 11.04 million barrels a day in 1983, a drop of about 12 percent. Their oil revenue has fallen 25 percent from 1982, to \$109.22 billion in 1983.

Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the Emirates have oilational incomes mainly

based on oil revenues and are members of the Organization of Petroleum Exporting Countries. They supply the bulk of OPEC oil — 10.42 million barrels of the previous OPEC production ceiling of 17.5 million barrels a day.

OPEC's recent decision to Geneva to lower the ceiling to 16 million barrels a day from Nov. 1 until demand for OPEC oil improves, so as to maintain the official market price at \$29 a barrel, will weigh heavily on the Arab producers. Their new OPEC quotas total 9.29 million barrels a day, a drop of about 1.13 million barrels a day. The seven Arab OPEC produc-

ers have pursued very different sales and output policies in the depressed market.

When OPEC set its old production ceiling of 17.5 million barrels a day in March 1983, the biggest Arab producer, Saudi Arabia — with a production capacity of more than 11 million barrels a day — agreed to a quota of 5 million barrels a day. Later the Saudis cut this level by 647,000 barrels a day. The Saudis have traditionally opposed production-sharing agreements within OPEC, for political reasons, but the threat of a slide in oil prices forced them to accept the principle.

During October, Saudi daily

production was reported to have leveled off at 4.7 million barrels. For the first weeks of November — and in accordance with the OPEC decision — the Arabian American Oil Co. has informed customers that lifting will be restricted. Force majeure has been invoked to delay loading of 11 tankers at Ras Tanura. The Saudis want to control Petroleum production levels on a weekly basis.

Industry sources have reported that, though Saudi Arabia's new OPEC quota is 4.35 million barrels a day, production is now 3.8 million barrels a day. Traditionally, most Saudi oil was

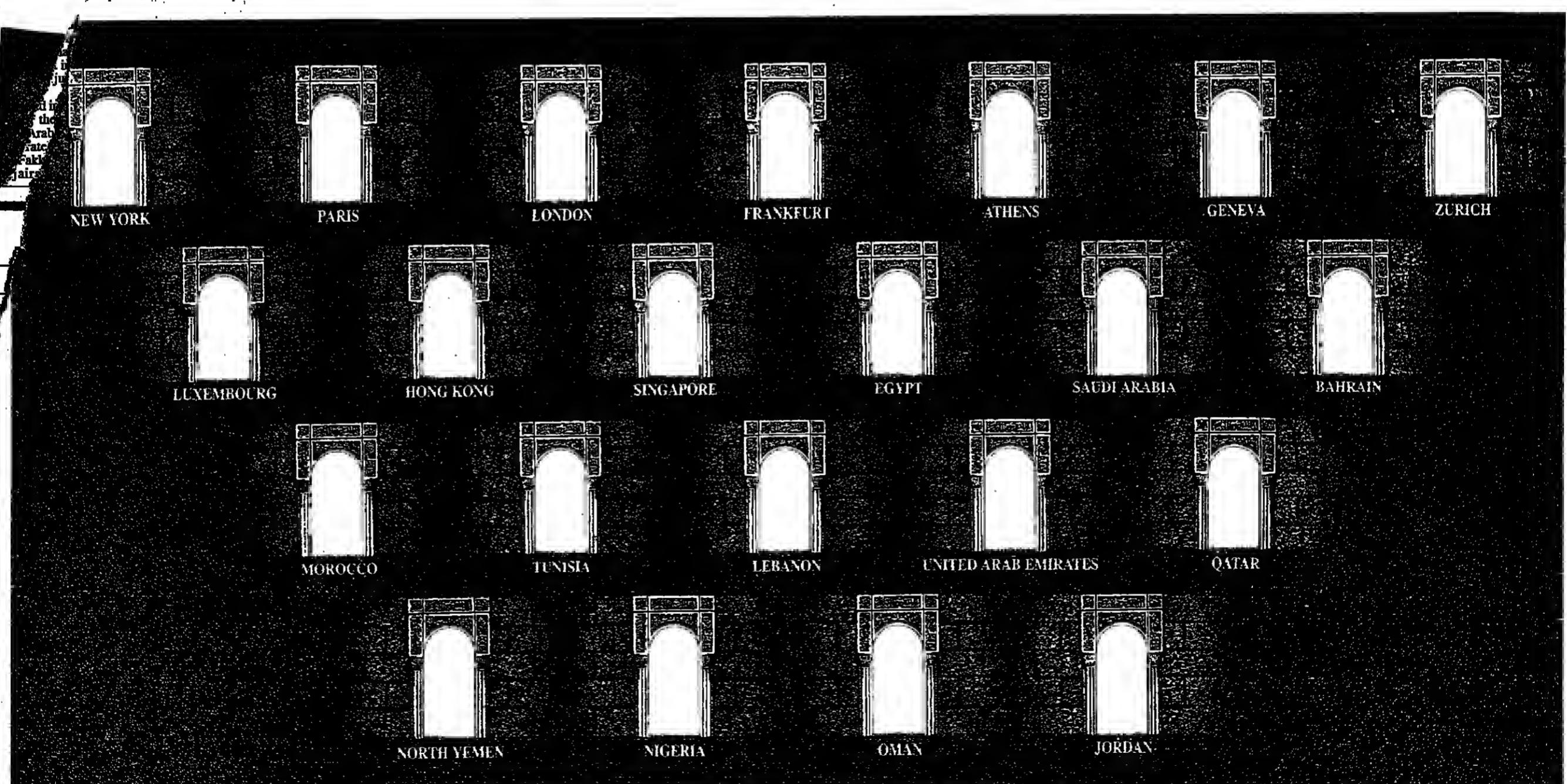
taken by the four major companies of Aramco, Exxon, Texaco, Chevron and Mobil — but in the last few years this has changed radically.

The Saudi national company, Petrofina, has built up its sales network and in the summer of 1983 Saudi Arabia set up an international oil sales company, Norbec, based in Zug, Switzerland. It sold Saudi oil on the open market in competition with the Aramco partners. Aramco was taking only about 25 percent of Saudi crude.

In the last few months, because of a slack in demand for OPEC oil, Norbec has discontinued sales. Under Saudi Arabia's new lower production ceiling, allocations to the Aramco partners will be made according to liftings by those companies over the last nine months; the Saudis wanted to favor the companies that had a consistent lifting performance in times of depressed market.

Previously, 60 percent of Saudi oil exports was Arabian light crude (the reference crude of OPEC, \$29 a barrel), 20 percent was heavy crude and 20 percent was medium. In October, the Saudis changed their export mix to 40 percent Arabian light, 35 percent heavy and 25 percent medium.

(Continued on Next Page)



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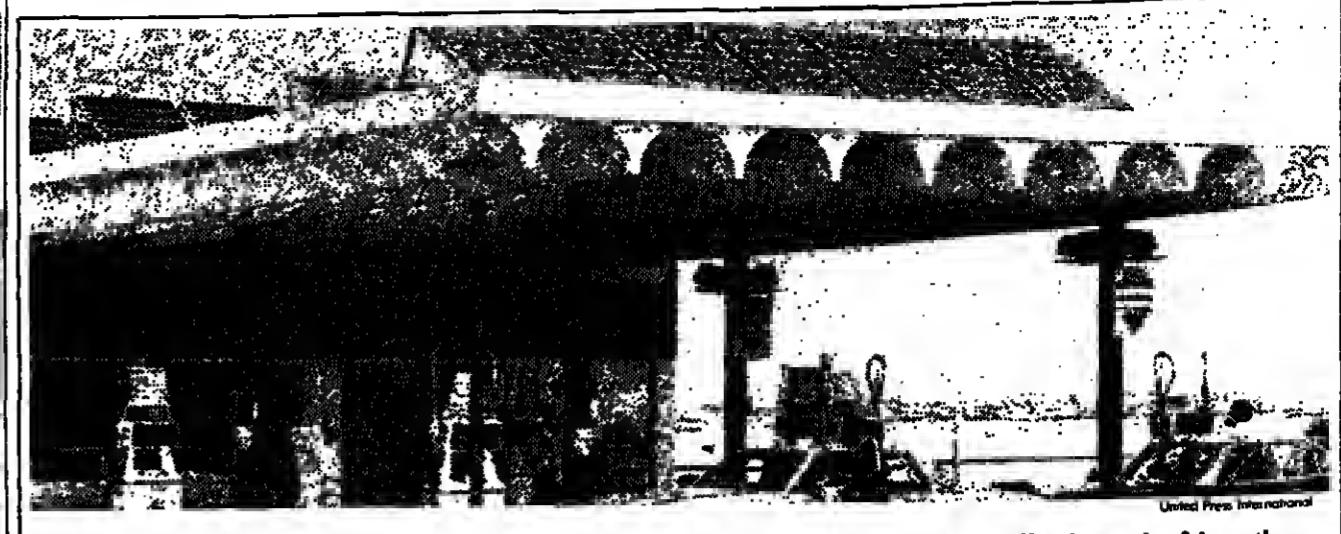


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An antique "Abrik Akhwa" - the brass coffee pot used
by the Arabs for many centuries.
From the private collection of Mr. Rashid Al-Oraifi.



A SPECIAL REPORT ON THE GULF STATES



Bahrain's National Oil Company designed and built this service station in Bahrain. Everything in the station

— including gasoline pumps, lighting and refrigeration
— is powered by solar energy panels situated on roof.

Producers Learn to Live With Low Output

(Continued From Previous Page)

With heavy crude underpriced at the official level compared to its market value, many OPEC colleagues of the Saudi oil minister, Sheikh Ahmed Zaki Yamani, saw in this change of ratio an effective reduction of the market price from \$29 to \$27.55. Sheikh Yamani argued that, in the long term, the move would create a better balance between heavier and lighter crudes in the world market. He said the increase of production of heavy crude would help bring down its market price and bring up the prices of light and extra light crude.

Thus, within less than four years, the kingdom has reduced its oil output by almost half, from average production in 1980 of 9.9 million barrels a day to a 1984 average that will probably be about 4.5 million.

Saudi Arabia is now poised to enter the world petrochemical industry after 10 years and more than \$11 billion in investment. At the end of 1983, Saudi production of refined products will amount to 1.8 million barrels a day (from export and local refineries).

Another Gulf oil producer from OPEC already produces refined products — Kuwait. Two-thirds of its crude exports are being sold as refined products. Kuwait has the world's second-largest proven oil reserves, after Saudi Arabia, estimated in 1984 at 67.15 billion barrels. It has a sustainable production capacity of 3.5 million barrels a day. Its new OPEC quota is 900,000 barrels a day.

Kuwait produced in October at its previous quota level, about 1.05 million barrels a day. The Kuwaitis have instituted conservation policy since 1981, when their production reached 1.13 million barrels a day. Since then, the market situation has reinforced this policy. Kuwait has been moving away from sales of crude to sales of refined products. Its refining capacity has been built up at home and abroad. Kuwait's refining capacity amounted to 394,000 barrels a day in 1983.

The aim of military cooperation is to form a joint force that could hold off an enemy for enough time to allow the United States or other Western allies time to fly in forces to protect the vital oil routes, officials say.

Self-reliance is a distant, if not unattainable, dream.

"We'd be kidding ourselves to say that we can defend ourselves to the last," a senior Bahraini official said. "We have to be realistic even in our dreams."

A major problem is a shortage of skilled manpower to operate modern weaponry. According to some reports, thousands of foreigners are being brought in to advise and train Saudi Arabia's forces, whose 52,000 men would be the backbone of any joint Gulf defense force, while others maintain equipment and even man aircraft and tanks.

As far as new arms are concerned, the Gulf states have embarked on an ambitious equipment-purchasing program to update their forces. Saudi Arabia has spent about \$100 billion on defense since 1975. In 1982, its military budget was \$24.4 billion, putting the kingdom fifth in world defense spending, after the United States, the Soviet Union, China and West Germany.

The Saudi forces are mainly U.S.-supplied — the pride of the air force is a fleet of 62 F-15 fighters, and Riyadh is negotiating to buy F-15s — but they have also made a \$4.1-billion deal with France for an air defense system that includes mobile, low-altitude, surface-to-air Crotale and Shahine missiles.

In 1982, Saudi Arabia signed a \$2-billion deal for four frigates, two naval tankers and rocket-equipped helicopters from France. The other OPEC Gulf country that had to face similar marketing problems for its extra light crude was the United Arab Emirates. Abu Dhabi's proven reserves were estimated at 31 billion barrels in 1984 and Dubai's at 1.51 billion barrels. The federation's production was significantly low in October, an official from the oil ministry said.

"Our extra light crude is facing fierce competition from other extra light producers who undercut their prices," he said. "Abu Dhabi production has been very low in October, about 600,000 barrels a day." Total official production in October was about 900,000 barrels a day, with Dubai producing 300,000 barrels. Industry sources say, however, that the Emirates were producing at their previous quota level of 1.1 million barrels a day in October. The federation's new share in the OPEC quota is 150,000 barrels a day less than that.

Abu Dhabi, unlike the other Gulf producers in OPEC, still has company equity holders. They take 40 percent of the crude as equity entitlement and the government sells the rest on long-term contracts.

Abu Dhabi is reported to be giving a discount of a dollar per barrel

of its extra light crude to equity-holding companies operating its fields to boost its sales.

Iraq, which, except for Nigeria, was the only OPEC member whose quota was not cut, has a huge capacity to produce but a limited capacity to export. "Its 12-million-barrels-a-day quota is allocated not on actual need but on its inability to export," Sheikh Yamani said in Geneva. "This is a nation still at war, and it has to have financial resources. That's why we gave Iraq this special position."

Iraq's production capacity is 3.5 million barrels a day.

In North Africa, Algeria has also had difficulties marketing its oil. Its new OPEC production quota is 663,000 barrels a day, down 8.5 percent. Algeria's official estimate of its proven reserves as of Jan. 1, 1983, was 9,440 billion barrels. But Algeria is a big natural-gas producer — its gas reserves are more than

two-and-a-half times greater than its oil reserves.

Its marketing difficulties stem from more competitive prices of similar light crudes, such as the Nigerian crude, and from the general market situation. The Algerians are slightly helped by the fact that a lot of their oil exports are in the form of condensates or refined products, neither of which comes under OPEC rules and can be sold under market prices. But Algeria has had difficulties selling its crude.

The other OPEC North African producer, Libya, has a new OPEC quota of 990,000 barrels a day, down 10 percent, and its oil production capacity is about 2.5 million barrels a day. Libya produced 1 million barrels a day in October.

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The rest of the Arab oil producers, non-OPEC members, are small producers, such as Oman and Egypt, whose national income is now mainly based on oil revenue. Egypt's production is about 850,000 barrels a day.

Oman — which with Saudi Arabia, Kuwait, Qatar, the United Arab Emirates and Bahrain is a member of the Gulf Cooperation Council — produces 400,000 barrels a day. Its prices are also closely related to market prices. Forty percent of its crude is titled to an equity company and the rest is sold under contracts.

Bahrain, Tunisia and Syria are small oil exporters and their oil production is also quite small. In general, Bahrain has gone through difficult times as the market has slackened.

Mutual Defense Is Nearing Reality

(Continued From Previous Page)

quickly. In October, the armed forces of the region ended their second joint maneuvers, Peninsula Shield II.

Little detail on the progress of the maneuvers emerged, but officials stressed the modest level of the exercises, which were held in Saudi Arabia. The first GCC military maneuver took place in the United Arab Emirates in 1983, and member states have held other wars with neighboring armies on a bilateral basis.

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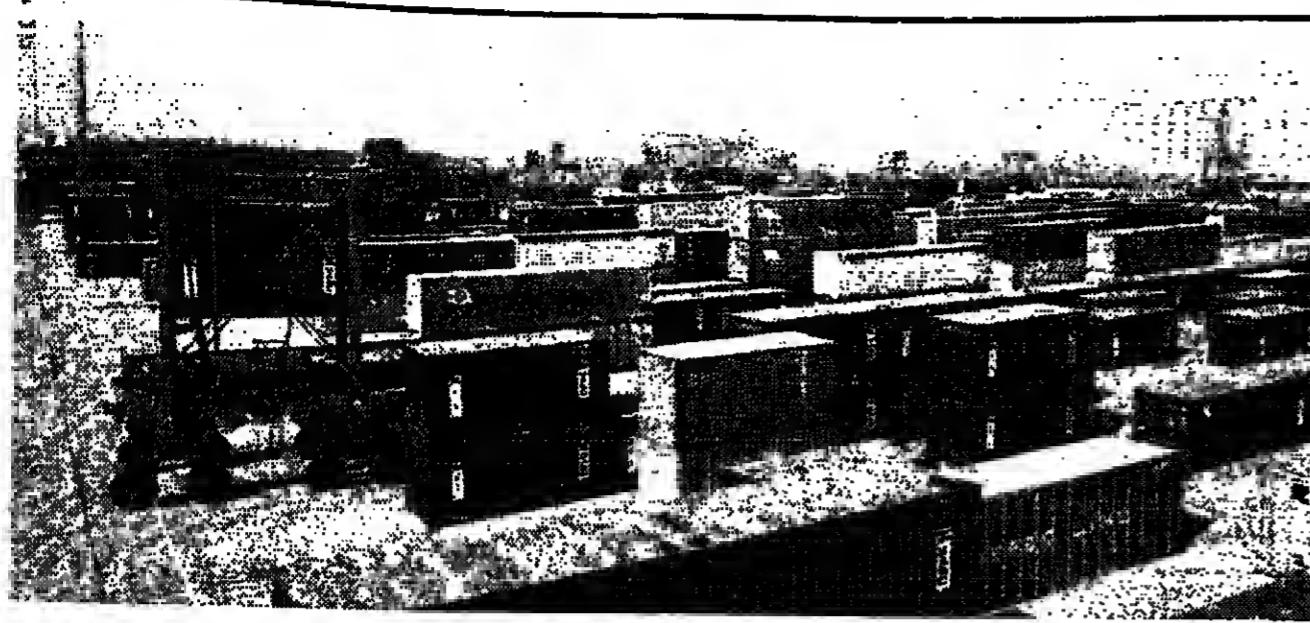
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A SPECIAL REPORT ON THE GULF STATES



Containers in the Saudi Arabian Gulf port of Dammam.

Resilient Shipping System Resists War

By Phillip Hastings

LONDON — Recent merchant-shipping casualties from the Iran-Iraq war provide perhaps the most obvious outward illustration of the way Gulf shipping and port operations are increasingly being influenced by political factors.

That said, though, the continuing conflict between Iran and Iraq has, in itself, had less immediately apparent effect on Gulf shipping than might at first be supposed. Outwardly, in fact, the pattern of merchant-shipping company operations has not changed dramatically over the last few years, other than to suffer considerable rationalization inspired by general cutbacks in trade.

Behind the scenes, however, the war is having significant direct and indirect influences on the shipping and port development plans of most Gulf region states.

Saudi Arabia, for example, is steadily building up its Red Sea port structure to provide alternative facilities to the strategically more vulnerable Gulf ports and terminals.

With Jeddah already established as a major general-cargo port on the Red Sea, over the last few years the kingdom has also developed large-scale port facilities at Yanbu in the northwest. In particular, terminals have been built to handle the export of large quantities of oil and liquefied petroleum gas, products until recently mainly exported through Gulf coast terminals such as Ras Tanura.

"The continuation of the Iran-Iraq war highlights the absolute necessity for Saudi Arabia to have more than one oil export area, and although the Yanbu developments were planned before the war started, this has further emphasized the need to avoid total reliance on facilities in the Gulf," commented one senior Gulf port industry executive.

Continuing attacks on general-cargo ships as well as tankers in the Gulf, coupled with fears that the conflict could at some stage close the Strait of Hormuz leading into the region, have also stimulated more interest in the possibilities of using ports just outside the Gulf itself.

Included in this category are two ports on the eastern coast of the United Arab Emirates, Fujairah in the emirate of the same name and Khor Fakkan in Sharjah.

Fujairah, last of the major

U.A.E. ports to be brought into operation, has had a hard time attracting regular shipping line callers already faced with a large range of options within the Gulf itself.

Marketed as a possible transhipment center for the Indian subcontinent, Fujairah had to wait for more than a year before its first regular customer, American President Lines, was signed up earlier this year.

However, with APL, which operates container services taking in the United States, Far East and Middle East, having broken the ice, Gulf port-industry executives believe that other shipping lines may look more closely at the options provided by Fujairah and Khor Fakkan, particularly if attacks on merchant ships in the Gulf continue.

While conflict in the Gulf has influenced some diverting — although still very limited — of shipping services, a less obvious but in the longer term more significant result has been its effect on the development of the Gulf Cooperation Council.

Comprising Saudi Arabia, Kuwait, the U.A.E., Oman, Qatar and Bahrain, the GCC is a political and economic body rather along the lines of Europe's Common Market.

As member states have drawn closer together in the face of over possible repercussions of the Iran-Iraq war, and changing economic circumstances, so the GCC's influence on shipping and port operations has increased.

To date, that influence has been largely of a general nature, with GCC members looking at ways of increasing cooperation and cutting down unnecessary and potentially damaging competition. For example, some port officials have talked about the concept of the Gulf establishing a certain number of stra-

tegic mother ports that would act as major transhipment centers for other, smaller facilities.

The problem, though, is that almost every port in the Gulf can and does put forward a case for being selected as a mother port. A quick glance at the marketing and promotional efforts made by Gulf port managements over the last couple of years shows that nearly every one is pressing for recognition as a regional transhipment point, making it seem likely that progress with rationalization of port facilities would be very slow.

For the moment, the major transhipment centers in the Gulf are basically Dubai's Mina Rashid, more often simply referred to as Dubai Port, and Bahrain's Mina Sulman.

To date, Dubai has been the larger of the entrepôt ports but again politically inspired developments could boost the challenge from Bahrain — or substantially reduce it.

The big uncertainty surrounding Mina Sulman involves the effect of the causeway now being built between Bahrain and its main neighbor, Saudi Arabia. Due for completion toward the end of 1985 or early 1986, the causeway development was prompted to a considerable extent by strategic considerations such as Bahrain's desire to be able to call on quick support from Saudi Arabia in the event of military threats from outside sources such as Iran.

Opinion among Gulf shipping and port industry executives about the likely impact of the causeway on Mina Sulman's cargo traffic is fairly divided. Some believe the causeway will benefit the port on the basis that Bahraini merchants who used to import in bulk for onward distribution to Saudi Arabia will resume buying in bulk, im-

poring through Mina Sulman and using the causeway as a transport link.

Others are less optimistic about Mina Sulman's prospects once the causeway is opened, pointing out that Saudi Arabia has two massive ports of its own in the Gulf and close to Bahrain, Dammam and Juail.

Meanwhile, the Sulman port authority has pressed ahead with further development of facilities this year, including a third container berth, installation of a ship control system and more computer systems.

While Gulf ports are likely to find their future increasingly influenced by political factors, similar trends have already become apparent in the make-up of shipping services in the region. The rise of locally based organizations such as the United Arab Shipping Company (UASC) of Kuwait and the National Shipping Company of Saudi Arabia (NSCSA) has made commercial life much harder to outside shipping lines already having to contend with reduced traffic volumes through economic cutbacks.

Both UASC, a joint venture involving a number of Gulf states, and NSCSA have been able to increase their share of Gulf region cargo through the influence and, in some cases, active of regional governments that have used the overall drive toward greater Arabization of all aspects of commercial life to steer more cargoes on to Arab flag vessels.

A number of major outside shipping lines have had to pull out of the Gulf trade — some, such as the Greek-owned Hellenic Lines, have even gone out of business altogether — and many others have been forced to rationalize their services and enter joint ventures.

Iran-Iraq War Remains Unresolved As Both Sides Dig In for Long Haul

By Dilip Hiro

LONDON — The recent eruption of hostilities on the central sector of the Gulf war front was a sharp reminder that the four-year-old conflict between Iran and Iraq remains unresolved. The fighting, which resulted in Iran regaining 30

square miles (78 square kilometers) of its Iraqi-occupied territory, occurred against the background of periodic attacks on shipping in the Gulf by both sides.

Since the war broke out on September 22, 1980, it has passed through four phases: Iraqi advance into Iran, stalemate, Iraqi retreat and Iranian march into Iraq. The last phase began in mid-July 1982 and ended in late February 1984, when Iran seized the oil-rich Mianoo Islands, 13 miles (20.8 kilometers) West of the Iraqi border.

The current (fifth) phase began in the spring with the escalation of the tanker war in the Gulf, when Iraq deployed Super Etendard planes, equipped with Exocet missiles, to attack ships lifting Iranian oil at Kharg Island. Iran, then exporting 3 million barrels a day, retaliated by hitting ships trading with Saudi Arabia and Kuwait. (Early in the war, Iran had knocked out the Iraqi oil terminals on its narrow shoreline.)

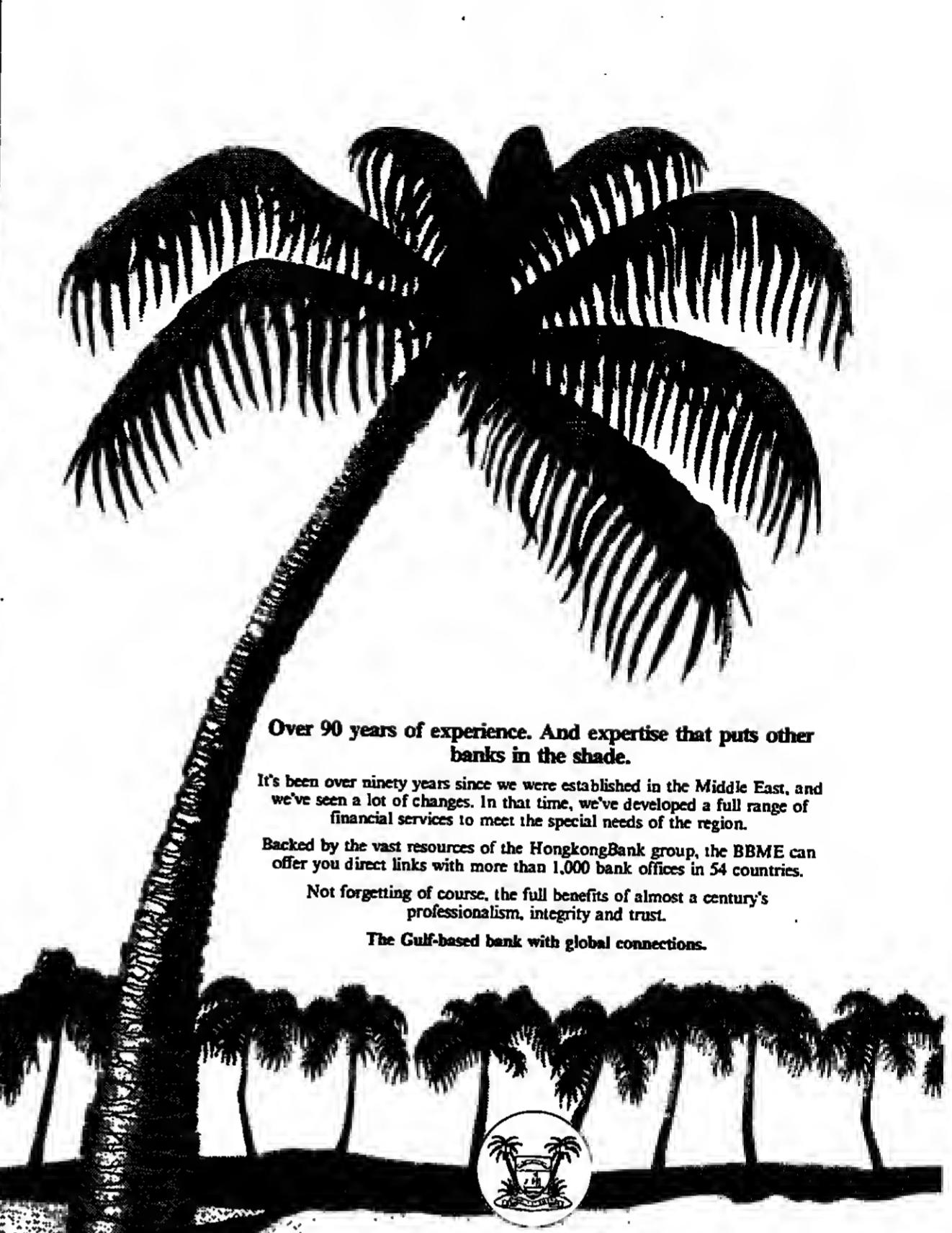
In mid-May the tanker war reached a climax, with Iraq hitting three ships, and Iran three, during the week of May 13-19. Between April 18 and May 24, a total of 11 ships were attacked by Iraq or Iran, 10 of them oil tankers.

Insurance rates jumped. Diplomatic activity increased. The U.S. reiterated its resolve to keep the Gulf open for shipping. This suited President Saddam Hussein of Iraq. He wanted Saudi Arabia and Kuwait to join the war as combatants and America to move its warships into the Gulf to protect sea-lanes.

But Saudi Arabia and Kuwait were to disappoint President Hussein. They refrained from calling on the United States to protect the sea-lanes, and instead decided to do so themselves. Saudi Arabia purchased 400 American-made shoulder-held ground-to-air missiles and set up an air defense interception zone that went beyond its territorial limit. In short, when faced with the stark choice of declaring war against Iran or inviting America to protect the Gulf sea-lanes — or continuing the status quo — Saudi Arabia and Kuwait opted for the latter course.

Soon afterward, the Iranians announced the postponement of the much promised "final battle of destiny" to capture the Gulf port of Basra, or Baghdad, the Iraqi capital. A variety of reasons lay behind Tehran's decision. Its planned action had lost any element of surprise. Forewarned, the Iraqis had set up a four-tier defensive system: minefields, barbed wire, antitank trenches and heavy artillery placed on high ground.

In view of the violent actions taken against the American Embassy and marines in Beirut by pro-Iranian elements in Lebanon, the U.S. administration is now more hostile to Iran than before. On its part, Tehran remains committed to undermining American influence in the Middle East.



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A SPECIAL REPORT ON THE GULF STATES

Expansion of Fishing Industry Could Help Trim Food Deficit

By Eva Dadrian

LONDON — After years of exporting frozen shellfish to the United States and Japan, the Middle East fishing industry aims to expand production and domestic sales. The government's decision to finance fishery development is spurred by a chronic food deficit in the Gulf due to the population's increased dependence on heavily subsidized food imports.

State-funded development projects focus mainly on shore-based fish farms and industrial-scale processing plants.

Along with pearl diving, fishing is one of the most traditional means of employment in the Gulf. But rather than follow the pearlbers into the more lucrative, less risky oil industry, most fishermen have remained independent, sailing their boats as far as the Indian Ocean and the eastern coast of Africa for bigger catches. Rival fleets roam the Gulf and compete for dwindling reserves, which have been hard hit by the Iran-Iraq war. Fishing was banned altogether for several months in 1983 when the war escalated.

Inshore shrimp-fishing in the north, together with wet fish trawling off Kuwait and Iraq and Kuwaiti shrimp breeding grounds, suf-

fered most from last year's mammoth oil spills, which followed Iraqi air attacks in March. At Iran's offshore installations, Nohruz and Ardestir, oil poured out into the Gulf at the rate of 2,000 barrels a day. Long-term effects of this pollution, coupled with the growing quantities of sludge dumped by tankers despite government regulations, threaten the present Gulf fishing industry. Attacks on ships have kept many fishermen from venturing too far offshore, just as they have halted construction of the Gulf's largest fishing port at Umm Qasr, designed by Filling Design Consultants, a British firm.

While the agreement to create the Arab Company for Fisheries was signed in Riyadh in 1979, it is still being ratified by member nations. So far, Qatar, Iraq, Kuwait, Jordan and Saudi Arabia have joined the newly commercialized fishing industry.

Saudi Arabia, with the Gulf to the east and the Red Sea to the west, has enormous potential for large-scale commercial fishing, and after 2 years' operation the Saudi fisheries company has a net profit of 20 million Saudi riyals from its fleet of 35 vessels. Nasser Osman al-Saleh, general manager of the company, said in a recent interview that the cost price of imported fish is very little compared to the pro-

duction cost of the domestic industry. The demand for export shellfish is so high, especially after a shortfall caused by last year's ban, that regional experts are pressing the government to invest in shrimp farming.

The Saudi port authorities must be anticipating an increase, for they announced last year a plan to develop fishing centers with cold-storage facilities, processing plants and a new transportation system connecting up with existing small ports. Ship maintenance facilities were also considered. A pan-Arab fishing venture, based in Jeddah, operates with 70 million riyals.

Rich fishing grounds lie north and east of Oman, and in some areas fishing for tuna, barracuda, shrimp, lobster and giant hamour (groupers) is the main industry. The winter catch of sardines is dried and used for local consumption, for oil, and, as in Abu Dhabi, for animal fodder. About 21 million Oman riyals have been allocated to fisheries under the current five-year plan, much of it granted to the Oman National Fisheries Co. (ONFC).

A joint venture between the Omani government, private investors

and fishermen, ONFC employs 14 percent of the labor force to operate its four deep-sea trawlers and its processing/freezing plants at Mutrah, Salalah and Ban-

tas. The chairman of ONFC, Kamis Ali al-Ashar, announced an export increase of 32 percent in 1983, in the third year of operation. He said that special docking facilities were under construction in the traditional fishing ports of Masira and Misandam. Korean funds back a large processing plant in the Kuria Moris islands, an unusual instance of foreign fishery investment. More may follow in 1985, when Oman's Maritime Science Center in Muscat is completed. Its research will help determine whether the government opts to commercialize the promising lobster catch in the south, where the Ministry for Agriculture and Fisheries estimates that up to 45 tons a year could be harvested.

Second only to Oman in Gulf fish production, the United Arab Emirates allocates interest-free loans to the local fishermen and has set up ship-maintenance facilities backed by the central government. Large-scale industrial fishing is under way in the northern emirates. Yemen has yet to initiate any development plans for fisheries, de-

spite keen interest by Japanese companies and the World Bank.

Last spring, an EC development

aid agreement for farming and fishing was put forward during a visit to Brussels by Fath Salem Ali Al-Ahmad, deputy chairman of the Common Market's central planning organization. The agreement is still unsigned and the Red Sea of Yemen is still untapped.

The Qatar National Fishing Co.

now run by the government, has scaled down operations since the mid-1970s and runs just 3 trawlers in the Gulf and Indian Oceans, along with one processing plant that handles frozen shrimp exports. The private sector supplies nearly 65 percent of total fish production, and the local boats bring in up to 85 percent of the market demand for fresh fish in Qatar.

Onshore fish breeding is the

growth area for Qatari fisheries in the 1980s. A three-year project, shared by the marine section of the Qatar National Museum and Qatar University's marine oceanography department, will inaugurate experimental fish farming there. This reflects the growing concern over fierce competition for depleted fishing stocks. At least four of the Gulf governments are taking action now to ensure that the Gulf will not be fished out.



Middle East Photographic Archive Ltd.
Turning oil resources into food: Above, a farmer and a wheat field in Qatar. Below, a bag of flour produced from wheat grown in Saudi Arabia by the Grain Silos and Flour Mills Organization. Both countries have invested heavily in agricultural production.



Qatar's industries suffer from several of the problems inherent in Gulf industrialization — including erratic feedstock, competition from cheaper imports and dependence on expensive expatriates. Its steel plant is a joint venture with Kobe Steel of Japan, yet production is undercut by products from Japan, including Kobe's own.

Bahrain has been the most successful at putting its industry on a reasonably even keel, because of the generosity of Gulf neighbors, who have, in various partnerships with the Bahrainis, given the economy an alternative to falling crude oil production. Nomad exports accounted for 12 percent of GDP in 1981, most of that related to the aluminum industry, both upstream at Aluminum Bahrain's (ALBA) smelter and downstream at a series of plants producing mainly construction materials for the Gulf market.

Saudi Arabia is lucky in having plenty of natural gas to fuel its industries. Shortages have hurt both Kuwait and Qatar, hence the need to develop Qatar's huge offshore reservoir of nonassociated gas as the possible pipeline to some of it to Kuwait, another GCC state. Cuts in crude production have affected petrochemical production in both countries.

Kuwait has tended to invest in overseas producers as much as develop its own potential, hence the 25-percent stake in West Germany's Hoechst Co. — part of the agreement with Hoechst is to buy ammonia from Kuwait — as well as its participation in the Gulf Petrochemicals project in Bahrain. While Kuwaiti industrial expansion has concentrated on refining, its two refineries at Mina Ahmadi and Mina Abdullah are being expanded to a total of 710,000 barrels a day by the end of 1985. Another 120,000 barrels a day is produced from Kuwaiti-owned refineries abroad.

Sharjah is using its gas discoveries to fuel a fertilizer plant (a joint venture with CdF Chemic) to be ready in 1986 and has considered a methanol plant. Ras al-Khaimah has also talked about methanol but its current production of associated gas hardly warrants more than talk, and the emirate's industrial base remains its rocky mountains from which cement is extracted. There's more than enough cement in the UAE but in the Gulf as a whole cement is still being imported; Qatar, however, has been complaining that its Gulf neighbors have been dumping their cement on its market.

Because the Gulf's initial development was mainly in a partnership with European and American companies its initial marketing ef-

orts tended to go in three directions. Now Gulf manufacturers are realizing the growing demand both within the region, where Arab preference may help, and even more in India and the Far East.

There is already the possibility that Gulf aid may in the future be tied to a limited extent to Gulf products, especially refined oil products, fertilizers. Further development is likely to be more cautious than in the past, more strictly ruled by economic reality, with the GCC providing a forum for coordinating investment, particularly through its investment arm, the \$2.1-billion Gulf Investment Corp. A future without oil in the Gulf is still a long way off, but a viable alternative is already being created.

World Markets Prepare for the Gulf's Downstream Products

By Sarah Scaright

ABU DHABI — Attention is focused today on the impact of Gulf downstream products coming on the world market this year and next. In the past, Gulf industrialization has sounded almost a misnomer and Saudi Arabia's huge downstream projects pipe dreams of the future.

Now the future has arrived, when European producers are already undermined by recession. Fears of price-cutting abound, despite Saudi denials that they would not do anything of the sort.

Downstream ventures dominate the Gulf industrial scene, with the continuing low prices for crude making value-adding ventures even more attractive. Industrial development still tends to be a government affair, with the Gulf Cooperation Council cautiously edging in on planning and coordination. The private sector is reluctant to invest in industry and prefers to make quicker money through banking and services, despite encouragement by local industrial banks. The range of private-sector products remains as limited as the market:

food, textiles, paper, plastics and, above all, building materials, the one industrial sector to attract the private investor.

Saudi Arabia's own downstream industries are causing particular consternation in Europe, whose plants are already operating below capacity.

Japan, by contrast, began reorganizing its industries some years ago, to take these new sources into consideration. By 1986 Saudi Arabia will be refining 825,000 barrels a day. A joint venture with Mobil began operating in Yanbu in June; another with Shell began operating in 1985, a third in 1986, all built primarily for the export market. The Saudi Ministry of Petroleum and Mineral Resources (Petromin) has opened marketing offices in Tokyo, Houston, London and Geneva, and has high hopes of selling its products. Refineries in Singapore are also worried about undercutting. But Petromin insists that it has heavy development costs to recover, that it is dependent on expensive manpower and is looking for long-term contracts for its products rather than the spot market.

Fertilizers are seen as the big growth industry, perhaps coming second to oil in Gulf GDP in the future. Both local Gulf demand as well as demand in India and China could absorb all the new production. The Arab (mainly Gulf) share of the world urea production is already 15 percent — production rose to 2.79 million tons in 1982. The big fertilizer plant at Jubail, a joint venture with the Taiwan Fertilizer Co., has no problem disposing of its 500,000 tons annual urea production. There is an older plant, Saudi Arabia Fertilizer Co., producing 300,000 tons a year since 1970. Even with other Gulf plants in Qatar and Abu Dhabi and another planned for Sharjah, the market is far from saturated.

The issue was highlighted when the EC imposed a 13.5-percent import duty last June on Saudi methanol for the rest of this year. Its Jubail plant began producing last

year at an annual rate of 600,000 tons. It is allowed to export a certain amount to the EC — 500 tons a year — duty-free under a UN-devised plan to help developing countries. Total EC consumption in 1983 was 2 million tons, of which 300,000 tons were imported. It is clear that Saudi Arabia will have to look elsewhere for main markets.

SABIC is also responsible for the establishment of the Saudi Iron and Steel Co., known as HA'DEED, which uses associated gas for the direct reduction of iron ores to produce construction materials for the local market as does the Jeddah Steel Rolling Mill. Steel faces fierce competition from cheaper imports, chiefly from Japan and Taiwan. Further developments in this field are likely to be coordinated within the GCC.

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In the UAE, industry is still developed by individual emirates and there is little coordination between them. At its Ruwais industrial zone, Abu Dhabi has a refinery and fertilizer plant (a joint venture with Compagnie Francaise des Petroles), and there are plans for a petroleum coke plant. Other projects have been postponed for the time being. Dubai has an aluminum smelter, DUBAL, at Jebel Ali and the potential for future downstream development from its Margham gas and condensates field.

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A SPECIAL REPORT ON THE GULF STATES

Gulf Bloc Unlikely To Upgrade Links With Egyptians

CAIRO — When King Hussein of Jordan resumed full diplomatic relations with Egypt in September, he sent ripples through the Arab world.

Outside the region, there was speculation that this was the beginning of moves to welcome Egypt back into the Arab fold from which it has been officially excluded since the late President Anwar Sadat signed a peace treaty with Israel in 1979.

Of particular interest was the position that the rich and influential Gulf Arab states would take.

Now, however, the consensus among Arab diplomats is that the Jordanian move is not likely to be followed by other Arab states, at least not in the near future.

One reason is that the Arab states that do not have full embassies in Cairo have found a *modus vivendi*, and upgrading ties would be of symbolic value only. Most Arab states have high-level diplomats heading their missions in Egypt that are embassies in all but

"We have good relations with Egypt," said Bahrain's information minister, Tariq al-Moayyed. "The top Egyptian diplomat in Bahrain holds the rank of ambassador and things are good enough as they stand."

On the Egyptian side, an undersecretary at the Foreign Ministry in Cairo, Halim Badawi, said he did not expect other Arab states to follow Jordan's lead. "I don't even waste my time thinking about it," he said. "If they want to come then *ahlan wa sahan*, welcome."

The most common scenario for a general resumption of diplomatic ties by the conservative Arabs was one that had Iraq, which receives thousands of Egyptian immigrants, taking the initiative after Jordan.

As a one-time radical Arab state that has turned increasingly toward the West as the Gulf war continued, Iraq's main financial backing has come from the conservative Gulf Arabs. If Iraq were prepared to recognize Egypt, then this might have encouraged the Gulf countries to drop their reserve and follow suit.

But Egyptian officials said that they saw little likelihood of this happening. The decision to cut ties with Egypt was originally taken at an Arab summit in Baghdad in November 1978, and the fact that Iraq hosted the meeting could be a restraining factor, they said. "The Iraqi Ba'athists are very rigid on ideology and we are bearing unconfirmed reports that the Ba'ath leadership is very divided on this issue," one added.

When King Hussein made his decision, he was criticized by Saudi Arabia and some other states for making a unilateral move outside the normal framework of an Arab League summit. But this did not mean that the other Arabs all disagreed.

"We would have preferred a decision at summit level," a high-ranking Gulf official said. "But, unfortunately, a summit is not possible at the moment. So King Hussein decided to move."

"We can understand why Jordan recognized Egypt. It did not want a continuation of the current stalemate. Every day there are more settlements in the West Bank and Gaza and it is necessary to have some sort of policy that envisions some kind of solution."

An Egyptian diplomat added: "The Jordanian decision was taken in self-interest. Jordan is worried by the stalemate in the Middle East and feels itself choked. The more the stalemate continues, the more the noose is tightened. Opening the

door to Egypt gives it more room for maneuver."

A Bahraini official linked the Jordanian move to the presidential campaign in the United States.

"King Hussein is a smart and astute politician; he wanted something vocal," the Bahraini said. "He wanted to reach some other audience. The American election could be a factor."

"If nobody did anything, then the two presidential candidates would just have competed to show which one of them loved Israel more."

Ever since President Sadat first started making headway toward peace with Israel, it has been an Egyptian ambition to act one day as liaison or mediator between Israel and other Arab countries, a factor that some Western analysts thought might have influenced King Hussein.

The king's renewal of ties came shortly after Shimon Peres finally succeeded in forming a coalition government in Tel Aviv between his Labor alignment and the outgoing Likud bloc. But Egyptian officials said the new Israeli government showed few signs of working toward a breakthrough in the Middle East peace process.

"Our reading is that this Israeli government can only agree on economic issues," an Egyptian Foreign Ministry official said. "That's their first priority. They might agree on withdrawing from Lebanon, but, otherwise, given the structure of the government, there's no light at the end of the tunnel." Other factors influencing the overall Middle East scene were just as discouraging, from an Arab viewpoint, Egyptian officials said.

The Palestine Liberation Organization's parliament-in-exile, the Palestine National Council, has been having difficulties arranging a meeting this year because of divisions between Yasser Arafat's supporters and Syrian-backed radicals.

"There is no Palestinian position and no Palestinian-Jordanian talks," one official said. "Hussein is aware of these limitations."

And Syria, Jordan's northern neighbor and bitter rival, shows no signs of compromise, Arab officials said.

"Whatever you do, the Syrians are not going to play ball," an Egyptian diplomat said.

Mr. Badawi, of the Egyptian Foreign Ministry, said that Jordan had been trying to put pressure on Iraq to recognize Cairo as well, "but we are not pressing."

As for other Arab states, Morocco could no longer follow suit because of its recently announced union with radical Libya, Egypt's archival.

Iraq, like the Gulf states, has stressed that any recognition of Egypt should be decided on at a full Arab summit.

An Arab summit was scheduled for mid-November but was then postponed indefinitely.

"If there is no further move toward an Arab summit, then maybe Iraq will lose patience and go ahead and recognize us," an Egyptian diplomat said.

Mr. Al-Moayyed, Bahrain's information minister, said the Jordanian move had been welcome because it was a gesture toward Egypt.

Since President Hosni Mubarak succeeded Anwar Sadat in October 1981, the Egyptians have shown a lot of tendencies to cooperate with the Arabs world."

He cited Egypt's refusal to return its ambassador to Tel Aviv until Israel withdraws from South Lebanon. "It was time somebody did something for Egypt," he said.

— JULIAN NUNDY

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Approaching an Abu Dhabi offshore oil rig in a helicopter.

Banks Shift to Investment Priority

By Olfat Tohamy

CAIRO — Decision-makers in Gulf states are coming under increasing pressure to face up to the challenge of coordinating and upgrading their banking services and effectively employ monetary policies.

The last few lean years witnessed by all oil-exporting states, including the six members of the Gulf Cooperation Council, have helped alert authorities in these countries to the importance of investing revenues from their perishable main source of income to develop their economies.

Last year's squeeze added to their sense of vulnerability and, thus, gave impetus to a drive for long-term planning and self-sufficiency capable of warding off foreign intervention and defending themselves against the fluctuations of the world oil market.

Despite the hard times, ambitious project plans were put together by the Gulf Investment Corp. (GIC), capitalized at \$2.1 billion with equal contribution from the members — Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain and Oman. The 15 proposed projects requiring several billion dollars in investments include a 2,000-kilometer (1,240-mile) road linking Oman and Kuwait, a \$500-million tire plant and a heavy-oil conversion plant.

Although these projects originally were not expected to be realized through public funding alone, the question of how joint projects will be financed arises in light of the heavy deficits and investment spending cuts in all the Gulf states, except Kuwait. Figures show that these governments have drawn heavily on valuable foreign assets accumulated during the oil boom.

The burden of securing funding through credit and syndication arrangements falls on the banking system. This applies to GIC and many other projects in which the private sector is expected to participate. Officials in all Gulf states are stressing that the private sector should invest in the creation of an industrial base, aside from trade and speculative business. But the Gulf's largely undeveloped banks have done little to promote the new trend, and they themselves seem reluctant to join.

The increase in the number of banks over the last few years — ironically coinciding with the slowdown — essentially meant that a larger number of banks were fiercely competing for a smaller — and also shrinking — piece of the cake. Meanwhile, Kuwaiti banks were busy recovering from the Souk al-Manakh crash.

Saudi banks were struggling to rise to the standards imposed by the authorities. Bahrain's offshore banks were desperately fighting for funds to keep the money market going. Its other banks managed to get over the sliding trade, while Saudi and U.A.E. counterparts

crumbled under the strain of a chain of scandals of defaulting and fraud. Qatari bankers waited impatiently for the recovery, as their profits leveled off. But Oman's steady growth, unrestrained by stringent quotas or price cuts of the Organization of Petroleum Exporting Countries, since it is not a member of the organization.

Their different ways of reacting to international, regional and local constraints highlight the extent to which it would be hard for decision-makers to set standards or unify regulations binding to banking sectors in all GCC states. This partly explains why the GCC ministerial and other senior committees dealing with financial issues have so far had nothing to announce in the way of policies aimed at enhancing coordination and integration. Aside from occasional calls for unifying the currency, made recently by the Qatar Monetary Agency, and hopes to reach agreement on a regional distribution of roles between the region's monetary and capital markets, officials do not seem to be giving the issue priority.

However, the recent wave of capital outflow produced by a strong dollar and a surge in interest rates on dollar deposits starting last spring has dramatized the importance of devising flexible and effective monetary policies to help determine the market value of Gulf currencies and prevent liquidity

squeezes. These have been aggravated by the lack of growth or actual freeze in the money supply. Currencies such as the Qatari riyal and the Bahraini dinar are pegged to the dollar. But the absence of the virtual lack of exchange-rate risk have entailed a steady shift toward dollar deposits. The Kuwaiti dinar and Saudi riyal have been gradually dropping in value against the dollar since the beginning of this year.

Although altering interest rates is a conventional monetary policy tool, and raising the rate seems warranted by currency fluctuations, a more diversified credit policy may be required to prevent high interest rates from discouraging private investment. The only experiment in monetary control in Saudi Arabia was SAMSA's offering earlier this year of banker security deposit accounts with a 91-day maturity at a discount, which has produced mixed results. Kuwait has resumed issuing Kuwaiti dinar bonds, which is the only capital market instrument in the Kuwaiti market. Of the other Gulf states, only the U.A.E.'s central bank seems interested in regulating its market, largely because of the deterioration of standards among a number of small banks lately.

The crucial issue that remains to be decided by policy-makers in these states is that of the division of roles among the region's money and capital markets. The crucial issue that remains to be decided by policy-makers in these states is that of the division of roles among the region's money and capital markets.

Gulf States Continuing Aid Through Moslem World

ABU DHABI — The Gulf states are justifiably proud of their generous record when it comes to giving aid. Bilateral aid alone by seven Arab oil-producing states (the six members of the Gulf Cooperation Council and Iraq), between 1973 and 1981 totaled \$36.1 billion, \$21 billion of which came from Saudi Arabia.

Countries in the Organization for Economic Cooperation and Development are inclined, when faced with Gulf statistics in this field, to point out that they can afford to be generous — 13 percent of Abu Dhabi's oil revenue goes in aid but with average per capita income of about \$22,000 a year, generosity comes easily.

It tends to go primarily to fellow Arab, followed by fellow Moslem — solidarity first. Saudi aid to Moslem states (multilateral as well as bilateral) in the 1970s totaled \$25 billion. The money has been spent mainly on development projects, food imports and technical assistance.

Aid has also been given to mosques (for instance in Turkish Cyprus) and Islamic centers (as in Ras al-Khaimah, \$1 million to a study

in Kharoum).

A generous amount goes to states in the front-line confrontation with Israel, although both Jordan and Syria have complained of cuts in this aid. Aid in general was cut by about a quarter between 1982 and 1983, reflecting the downturn in oil revenues.

Non-Arabs, non-Moslems — for instance, Ethiopia and other African countries — are treated more cautiously. Stability and prospects for economic growth are important criteria, in other words sound investment. Of total aid from the Organization of Petroleum Exporting Countries between 1973 and 1981, 71 percent went to Asian countries and 29 percent to African (mostly North Africa) — least developed countries, known as LLDCs. In Africa received 7 percent. The smallness of this last percentage is partly due to the smaller absorptive capacity of the LLDCs.

Nevertheless, the record is impressive. Official development aid (ODA) is 6.5 percent of the U.A.E.'s gross national product, 6 percent of Saudi Arabia's, 4 percent

of the members' within the Organization of Arab Petroleum Exporting Countries, 2 percent of the capital base was expanded (more than tripled in the case of ADFAED) and similarly their range to include non-Arab states.

All members of these organizations are themselves developing countries, dependent on their oil revenues to finance their own development. Excluding AMF, they concluded 55 financing and technical agreements in the first year of 1984 alone, totaling \$495 million.

Co-financing is popular — more than half of ADFAED's commitments take this form — but problematic. Project data is often inconsistent and costs overestimated. Most developing countries lack the specialized financial institutions to facilitate participation. One solution — of joint assessment through such bodies as AFESD — has been slow to evolve. Similar problems arise with equity participation, and the funds generally prefer to see the recipient governments owning in.

Nowadays, the Gulf states are looking more critically at their aid disbursements, not so much because there is less to disburse, but because of a growing feeling that they could perhaps get something in return.

— SARAH SEARIGHT

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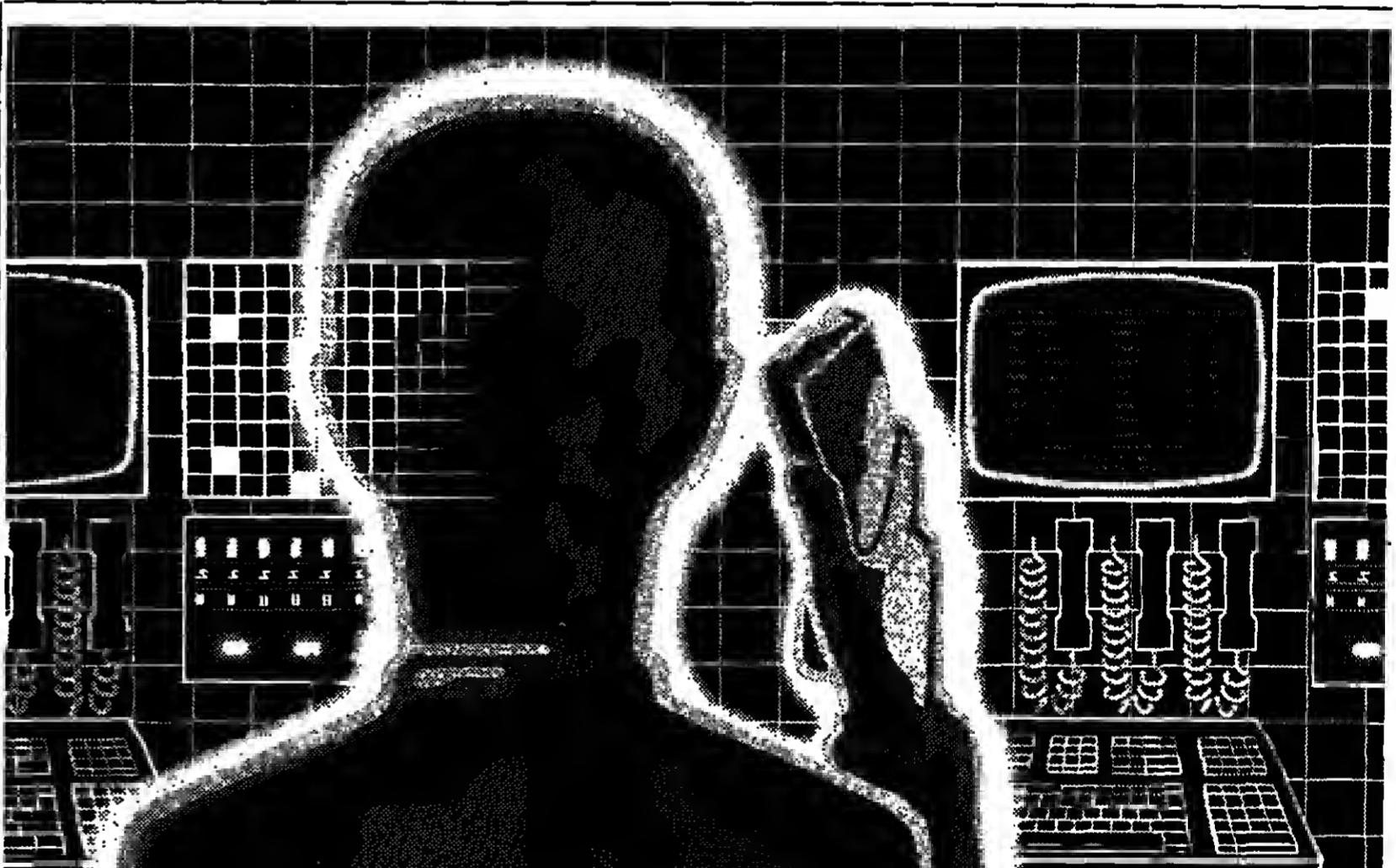
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Unit-holders are informed that further to the coming into force of the Luxembourg law of August 25, 1983 on investment funds, several articles of the fund's management regulations have been amended. An updated version of the prospectus with the amended management regulations included may be obtained free of any charge at the office of the Management Company at 2, boulevard Royal, Luxembourg.

HAMBROS LIMITED (HAMBROS PLC)
U.S.\$ 24,000,000 9 1/2% Bonds 1985

We hereby give notice that, in accordance with the terms of the above-mentioned loan, Bonds for the principal amount of U.S.\$ 1,322,000 have been drawn on November 12, 1984 for redemption at par on December 15, 1984.

Principal amount of Bonds purchased by the Company: U.S.\$ 478,000.

The following Bonds have been drawn and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to the other Paying Agents named on the Bonds:

00115	00259	00261	00281	00304	00325	00448	00619	00644	00667
00692	00821	00839	00843	00867	01004	01043	01048	01091	01092
01102	01104	01187	01188	01190	01191	01193	01213	01229	01234
01234	01263	01263	01296	01299	01338	01340	01453	01539	01385
01601	01618	01633	01647	01648	01664	01667	01669	01691	01693
01694	01731	01816	01830	01832	01884	01936	01943	01953	01936
02005	02040	02053	02070	02071	02351	02383	02387	02394	02395
02409	02695	02740	02749	02753	02743	02767	02772	02776	02780
02782	02794	03172	03298	03485	03610	03613	03700	03773	03773
05788	03789	03790	03908	03916	03924	03964	03969	03980	03980
03982	04017	04040	04104	04105	04106	04116	04117	04119	04119
04133	04144	04160	04204	04241	04242	04250	04321	04413	04461
04467	04485	04487	04492	04511	04506	04608	04646	04616	04616
04647	04658	04663	04666	04672	04720	04723	04732	04741	04741
04746	04748	04752	04755	04757	04759	04761	04763	04765	04765
04937	04979	05010	05015	05143	05171	05182	05202	05205	05299
05334	05441	05444	05391	05392	05398	05600	05611	05712	05754
05820	05823	05824	05888	05898	06041	06093	06234	06278	06287
06289	06296	06314	06421	06492	06319	06522	06611	06612	06612
06686	06687	06744	06782	06783	06856	06937	06963	06982	07106
07109	07112	07179	07183	07188	07201	07210	07217	07287	07294
07300	07303	07306	07307	07378	07382	07390	07393	07434	07517
07519	07522	07603	07631	07640	07717	07719	07770	07771	07878
07963	07963	08052	08148	08233	08236	08263	08271	08302	08302
08312	08352	08354	08426	08449	08454	08457	08463	08527	08527
08534	08535	08704	08723	08889	08906	08957	08992	09049	09049
09050	09051	09067	09082	09083	09084	09161	09340	09391	09391
09396	09398	09399	09429	09493	09499	09556	09571	09695	09705
09812	09942	10004	10063	10224	10261	10531	10552	10637	10654
11167	11171	11184	11197	11206	11218	11224	11225	11226	11230
11253	11241	11244	11247	11249	11255	11256	11268	11273	11274
11280	11281	11285	11288	11303	11308	11321	11333	11336	11336
11337	11360	11363	11373	11384	11408	11409	11410	11410	11410
11415	11416	11419	11422	11432	11442	11446	11448	11455	11458
11462	11470	11486	11499	11507	11515	11517	11525	11530	11533
11538	11545	11546	11550	11552	11562	11568	11602	11606	11606
11609	11619	11620	11630	11631	11632	11652	11658	11664	11666
11671	11690	11692	11693	11706	11708	11715	11721	11721	11724
11757	11767	11772	11773	11781	11783	11784	11817	11820	11821
11822	11844	11847	11850	11851	11864	11893	11895	11941	11941
11950	11956	11970	11972	12009	12010	12025	12027	12029	12030
12057	12064	12046	12046	12056	12062	12076	12090	12111	12130
12121	12139	12149	12150	12153	12163	12185	12196	12215	12260
12261	12273	12280	12292	12295	12302	12330	12337	12360	12360
12362	12363	12393	12410	12421	12435	12444	12450	12452	12452
12465	12469	12475	12479	12480	12525	12529	12538	12551	12551
12633	12577	12578	12629	12640	12655	12672	12676	12682	12684
12696	12707	12714	12715	12724	12733	12735	12746	12750	12753
12762	12773	12779	12788	12801	12807	12808	12816	12825	12825
12843	12848	12860	12862	12866	12886	12888	12902	12913	12913
12933	12956	12957	12965	12976	12984	12986	12987	13004	13007
15014	15019	15043	15050	15050	15054	15068	15072	15074	15077
15100	15126	15131	15139	15144	15152	15167	15184	15193	15197
15198	15205	15206	15252	15252	15255	15275	15275	15300	15319
15322	15337	15343	15350	15352	15362	15363	15370	15372	15379
15404	15410	15420	15427	15442	15446	15463	15473	15473	15473
15475	15477	15480	15486	15490	15496	15498	15499	15499	15499
15637	15882	15884	15885	15886	15887	15888	15889	15890	15890
15899	15905	15906	15907	15908	15909	15910	15911	15912	15912
16054	16043	16050	16051	16052	16053	16063	16065	16070	16070
16074	16102	16103	16109	16120	16123	16125	16127	16130	16142
16143	16147	16173	16173	16222	16222	16265	16265	16265	16265
16243	16243	16282	16282	16284	16284	16285	16285	16285	16285
16334	16340	16349	16350	16368	16383	16390	16401	16410	16410
16416	16430	16436	16440	16448	16448	16454	16466	16476	16476
16483	16485	16492	16504	16505	16511	16521	16530	16531	16531
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FRIDAY, NOVEMBER 23, 1984

TECHNOLOGY

GM Applies New Computer To Ancient Metal Craft

By JOHN HOLUSHA

New York Times Service

WARREN, Michigan — Man has been forming sheet metal into utensils, coins and objects of art for centuries. Long lines of huge stamping presses that crunch coils of sheet steel into shaped panels for auto bodies and appliances of all sizes are a basic starting step of the mass production process.

But for all the sheet metal that has been pounded into shape over the years, not a lot has been known about how the forming process actually works. Tool and die makers relied on experience and intuition to estimate how different materials would flow under pressure from a powerful ram. Proving out dies was typically a long, expensive, cut-and-try procedure that involved actually stamping sample sheets of metal, checking the results and modifying the dies until the right shape was achieved.

Now, General Motors Corp. is applying the high technology of computer modeling to the ancient craft of metal forming. The objective is to change the process of producing dies from a half-understood art to a scientifically based, predictable process.

Sheet metal is formed in a press in two basic ways. The outer edges of the blank sheet are drawn into the die cavity as the punch descends. There is also some stretching of the sheet. Since metal has a tendency to wrinkle around the punch as it is forced into the die, techniques have been developed over the years to produce a smooth surface.

ONE of the main ways to prevent buckling is to put sharp ridges, known as draw beads, around the outside of the die to control the inward flow of metal and to stretch out the wrinkles effectively before they form.

"Formability is a constant battle between two disasters, buckling and tearing," said Michael L. Werner, a materials specialist in the mathematics department at GM Research Laboratories here. "If you try to form too much, the material breaks. If you don't do it enough, it wrinkles. It's a fine balance."

Since most of the automobiles GM produces are put together from stamped sheets of steel, the company has a strong interest in producing stampings that are neither buckled nor split and in reducing the time needed to develop tooling for new models.

The ability to produce dies that will behave predictably will become increasingly important as the auto industry substitutes thinner, higher-strength steel for the easier-to-form, mild steel used in the past as part of its continuing effort to reduce the weight of cars. Thinner stampings are more difficult to form than the thicker ones of the past, and high strength gives them a tendency to spring back toward their original shape after stamping.

"The plan is to stamp out sheet metal parts on a computer early in the tooling process to see if we can actually manufacture the part as designed," said Robert A. Ayres, a physicist at GM. The system should give new flexibility to designers, he adds, because they will be able to specify new shapes and materials without the fear they will turn into manufacturing nightmares.

The movement of a large sheet of metal in a die is complex and difficult to analyze as a whole. Mathematical models are built on what is known as the finite element method of stress analysis. Shapes are divided into hundreds of small elements, each of which is simple enough to be analyzed in about nine simultaneous equations. These elements are then combined into systems of thousands of equations to describe what happens to the entire sheet. Because the equations are nonlinear, the downward movement of the punch must be modeled at several hundred points to develop an accurate projection of what will happen in metal.

This requires considerable computing power, and GM has recently installed a Cray supercomputer to reduce the time

(Continued on Page 21, Col. 3)

Currency Rates

Late interbank rates on Nov. 22, excluding fees. Official fixings for Amsterdam, Brussels, Milan, Paris.

Currency	Per			Currency	Per		
	U.S.	£	DM		U.S.	£	DM
Amsterdam	5.38	4.69	112.845	34.75	1.11	0.04	11.1
Brussels	6.25	7.475	26.1478	4.50	1.21	0.04	12.045
London	1.2283	2.671	1.2283	1.2283	1.2283	1.2283	1.2283
Milan	1.8420	2.298	1.8420	1.8420	1.8420	1.8420	1.8420
New York (c)	Closed	—	—	4.92	271.80	15.225	370.44
Paris	9.107	11.27	30.649	—	1.23	0.04	1.267
Tokyo	2.6773	2.74	81.49	13.28	72.36	404.14	1.21
Zurich	2.495	1.065	82.74	27.22	1.1334	73.25	41.125
1 ECU	0.7444	0.4231	2.22	6.86	2.5153	44.9251	1.8427
1 SDR	0.99455	0.81142	1.22971	1.22971	1.22971	1.22971	1.22971

Dollar Values

Currency	Per			Currency	Per		
	U.S.	£	DM		U.S.	£	DM
Australia	1.165	1.057	1.165	0.9443	2.111	0.4443	2.152
Austria	1.074	2.111	1.074	0.9023	0.533	0.4443	0.533
Belgium	0.8762	0.7074	0.8762	0.8044	0.6044	0.5044	0.6044
Denmark	0.8922	0.8144	0.8922	0.7295	0.5295	0.4295	0.5295
Finland	0.8845	0.8144	0.8845	0.7295	0.5295	0.4295	0.5295
France	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Germany	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Iceland	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Ireland	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Italy	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Netherlands	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Portugal	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Spain	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Sweden	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
Switzerland	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295
United Kingdom	0.8822	0.8144	0.8822	0.7295	0.5295	0.4295	0.5295

(a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (d) £100 (e) £100 (f) £100 (g) £100 (h) £100 (i) £100 (j) £100 (k) £100 (l) £100 (m) £100 (n) £100 (o) £100 (p) £100 (q) £100 (r) £100 (s) £100 (t) £100 (u) £100 (v) £100 (w) £100 (x) £100 (y) £100 (z) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100 (vv) £100 (ww) £100 (xx) £100 (yy) £100 (zz) £100 (aa) £100 (bb) £100 (cc) £100 (dd) £100 (ee) £100 (ff) £100 (gg) £100 (hh) £100 (ii) £100 (jj) £100 (kk) £100 (ll) £100 (mm) £100 (nn) £100 (oo) £100 (pp) £100 (qq) £100 (rr) £100 (ss) £100 (tt) £100 (uu) £100

BUSINESS ROUNDUP

Dee Buys BAT Unit for \$219 Million

Reuters
LONDON — BAT Industries PLC, the British tobacco, printing and stores company, is to sell its International Stores Ltd. arm to Dee Corp. PLC for £180 million (\$219.6 million), it was announced Thursday.

The two companies said the sale to Dee, a food-store company, will involve 11.2 million new Dee ordinary shares, which are being conditionally placed at £1.60 each.

Dee said its current business is doing well and profitability is expected to improve with the acquisition of International Stores. No division of earnings should result.

BAT has said that International's pretax profit for the year ending Dec. 29 will be at least £11.1 million before property sale gains.

International's gains on property disposals less the cost of store closures, are expected to be at least £4.1 million.

Under the sale agreement, Dee will be acquiring cash of £30.2 million in addition to International's other assets.

BAT said in a separate statement that the group remains firmly committed to further investment in other parts of its worldwide retailing business, particularly in the United States, West Germany and Britain.

The sale to Dee, which represents a strategic decision to concentrate on other lines, only concerns food retailing in Britain. BAT said.

BAT shares closed unchanged Thursday at 276 pence on the London Stock Exchange after the announcement of the sale.

Tricentrol Says Profit Rose 15%

Reuters
LONDON — Tricentrol PLC, the British oil company, reported Thursday that third-quarter pretax profit rose 15 percent to £13.2 million (£16.1 million) from £11.4 million a year earlier.

But for the first nine months ended Sept. 30, pretax profit totalled £28.3 million, down 11 percent from £31.6 million in the year-earlier period.

An extraordinary charge of £30.9 million related to a £41.9-million loss incurred by selling certain U.S. assets was partly offset by an £11-million deferred corporate tax credit, the company said.

This credit arose from tax changes in this year's British budget.

Tricentrol said it is continuing an active drilling program during the fourth quarter following several significant oil and gas finds this year.

Recent successes include gas discoveries in the North Sea and major oil discoveries in wells off Western Australia.

Tricentrol also shared in an oil find in Alberta's Zama Basin, and its West Cameron block in the Gulf of Mexico is now in production, it said.

The company also has acquired a 12.5-percent stake in the East Shukhier exploration field in the Gulf of Suez.

Boots Profit Rose 22% in First Half

Reuters
LONDON — Boots Co., the British retail drug-store concern, said first-half pretax earnings rose 22 percent to £79.9 million (\$97.5 million) from £65.1 million a year earlier.

Sales excluding value-added tax were 11 percent higher, at £390.1 million compared with £354 million a year earlier.

The company said it expects continuing profit improvement during the remainder of its financial year ending March 31, although the rate of increase is likely to be less than in the first half.

GENERAL DYNAMICS STRIKE ENDS

The Associated Press

FORT WORTH, Texas — Members of the International Association of Machinists approved on Wednesday a new three-year contract with General Dynamics Corp., ending a 17-day strike against the aerospace manufacturer. General Dynamics makes F-16 fighter jets at the plant.

British Electric Traction Co. said it is writing off £14 million (\$17.1 million) on the sale of its computer-making subsidiary, Redifusion Computers Ltd., to a management and institutional consortium. Redifusion completed lost £84,000 in the first half of 1984.

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IBM Studies Reports of PC Problems

By Donald Woutat
Los Angeles Times Service

LOS ANGELES — International Business Machines Corp. is investigating reports of problems with its new top-of-the-line personal computer, the PC-AT, which went on sale in September.

One retailer said Wednesday that the problems have affected about 10 percent of the ATs that his stores have received, aggravating what is already a shortage of the machines. The problems involve malfunctions in the disc drive and memory function, the retailer said.

"It's not a major problem, but it is an irritating one when they're already in such short supply," said Ed Ramos, president of Future In-

formation Systems, whose two

New York City stores sell computers to large businesses. Mr. Ramos said he normally experiences a failure rate of 1 to 2 percent among products he sells and that the problem does not crop up in all IBM shipments.

He added that IBM "has been able to fix them by replacing parts. It might have been a bad batch of components." Mr. Ramos said that two IBM officials visited his stores last week to examine the faulty machines.

Seymour Merlin, chairman and chief executive of three New England-based ComputerWorks stores, said he has not experienced any problems with ATs. He added that his company has not received

any reports of problems with the machine.

Market sources said Lonrho had indicated earlier that it would maintain its interest in the House of Fraser, which owns Harrods, the London department store. Lonrho had tried in the past to force Fraser to sell Harrods.

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COMPANY NOTES

ASA AB of Sweden, Europe's leading robot maker, plans to triple production in Japan by establishing a plant capable of turning out 500 to 1,000 industrial robots a year, the company said.

BL PLC, the British automaker, reported normal working at its Austin-Rover subsidiary after unionized workers at the Longbridge plant in England's West Midlands voted Wednesday to end their strike and accept the company's offer of a 10-percent pay increase over two years.

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Sanitomo Says
Revenue Fell in
6-Month Period

Austria Vows to Curb Soviet Bloc Re-Exports

By Don Shannon
Los Angeles Times Service

WASHINGTON — Austria will tighten its customs laws in an effort to close what is believed to be one of the main channels for the leak of U.S. high-technology equipment to Soviet bloc nations and to bolster U.S. confidence in its export controls, the Austrian ambassador to the United States has said.

Ambassador Thomas Kistel, speaking with reporters Wednesday, said the Austrian parliament was expected to pass legislation by the end of the year designed to curb the illegal re-export to Soviet bloc countries of U.S. equipment such as computers.

"With this law, we shouldn't have any problem," he declared.

In the first nine months of 1984, Austria — a substantial buyer of U.S. high technology — imported \$100-million worth of computers and associated goods, two thirds of it American-made, according to the Austrian Trade counsellor, Christian Prosl, who also attended the meeting.

Department of Commerce regulations allow U.S. high technology to be sold freely for domestic use within Austria, but the equipment cannot be re-exported to Eastern Europe without a special license. It is the diversion of these domestic sales that have increasingly concerned U.S. authorities, who expressed satisfaction that the Austrians were strengthening their customs controls.

Although State and Commerce Department officials say specific figures on the number of re-export

violations are not available, they have charged that a significant amount of "dual use" equipment — items having both a civilian and a military purpose — has filtered across to Soviet bloc countries from Vienna.

Mr. Kistel stressed that the new legislation, backed by all Austrian political parties as well as by business interests, was being put together because Austria wanted to affirm its reputation as a reliable U.S. trading partner. But "there was no question of acting under U.S. pressure," he maintained, despite friction between Vienna and Washington over the issue in the past.

Under the new legislation, Austrian officials could intervene by fining or imprisoning violators and seizing contraband goods as soon as they suspect wrongdoing, Mr. Kistel said. The current law, which includes only vague penalties, requires the Austrian government first to wade through time-consuming paper work, he said.

Mr. Kistel indicated that even the legal re-export sales may have encountered snags because of U.S. concern at the diversion of non-licensed equipment. For example, he said: "We experienced serious delays on a plant we were building for East Germany, a contract worth \$35 million or \$40 million, of which only about 2 percent was American technology — but it was a vital part."

The ambassador said Austria places no controls on its own technology but understands U.S. concern about American technological exports.

\$700-Million FRN Issue Is Launched by Sweden

By Carl Gewirtz
International Herald Tribune

PARIS — Sweden, which is now the biggest West European borrower in the international capital market, launched on Thursday \$700 million of 20-year floating-rate notes and a companion package of "income rights" to boost the yield.

The proceeds of the issue, along with the \$500 million of FRNs sold earlier this month, will be used to prepay \$1.2 billion of more expensive notes issued last year. Interest on that issue, which Sweden last week announced it will call, was set at 4% point over the London interbank offered rate.

Interest on the new notes, like those sold earlier this month, will be set at the London interbank bid

rate, normally 4% point below Libor. Following the procedure on the \$500-million issue (which was five times oversubscribed), banks interested in taking the notes are to submit competitive bids. On that transaction, the accepted bids ranged from a discount of 99.25 to 99.35, with the average accepted price at 99.28. That paper is currently quoted at 99.26-99.31.

A unique character of the new issue is that takers are also being offered, at \$70 each, income rights that will yield 3/4 to 16% percent a year on a notional principal amount of \$10,000. (The FRNs are sold in minimum units of \$10,000.)

The payment for the income rights enables investors to convert the initial discounted offering price into a higher annual yield. The lead manager, Morgan Guaranty Trust, believes this may widen the appeal of the paper to institutional investors who need to match their Libor-based liabilities with assets based on Libor and are thus reluctant to buy Libid assets.

The income rights, for five years, are timed to coincide with the first redemption option that investors have to request repayment on the FRN. The money generated by the sale of the rights, a maximum of \$4.9 million, will be invested by Morgan to produce the income Sweden will need to pay out.

The cost to Sweden for the FRNs sold with income rights or those sold without them is identical. The higher running yield on the notes with income rights will be purely a function of the price paid to acquire the additional income.

The income rights are only available to investors taking the FRNs and then in proportion to the amount subscribed. Morgan officials believe that fewer than one-third of the subscribers will seek to buy income rights.

Competitive bids, or noncompetitive bids to take paper at the average price, are to be submitted by next Thursday.

Sweden is also raising in the fixed-rate market \$200 million of 11% percent, five-year notes and \$100 million of 13% percent, 10-year bonds. Sweden has also asked banks to submit bids for \$200 million of short-term Euronotes, which form part of a \$4-billion note facility organized earlier this year.

Rizzoli Head Gets New Post

The Associated Press

MILAN — Antonio Coppi, the recently appointed chairman of the Rizzoli publishing group, has been named to head *Editoriale Cometa della Sera*, the company that prints Italy's leading daily newspaper.

Mr. Coppi, who is president of the association of private industrialists of the Lombardy region, represents the consortium

led by the Gemina holding company that recently took over the Rizzoli-Cometa della Sera group.

Rizzoli Editore, which faced severe financial difficulties in 1982 following the collapse of Banco Ambrosiano, its top creditor, achieved a major turnaround this year after two years under court-appointed managers. The consortium that now controls the publishing group includes the Agnelli and Pirelli families and other leading private industrialists.

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MERCHANTS' of Wall Street

(Continued from Page 19)

thanks to public ownership and the consolidation of the industry. Most important, the old investment banking firms decided to deal themselves in on leveraged buyouts after seeing how lucrative they can be. Dozens of small and large investment banking firms were inspired after William Simon, the former Treasury secretary, and his partners made a killing of \$200 million after taking Gibson greeting Cards public in May of last year. Only 18 months earlier they had invested \$1 million in a leveraged buyout of the company.

The current practice differs from traditional merchant banking mainly in that most firms now in

Metal Shaped By Computer

(Continued from Page 19)

culdes were largely caused by outside suppliers who were unable to keep up with demand for parts.

Volvo can deliveries in the first nine months totaled 297,000, up from 267,000 a year ago, the interim report said.

Truck sales totaled 11,04 billion kronor, up 48 percent from the first nine months of 1983. Mr. Frisinger said he was especially pleased with truck sales in the United States. The subsidiary Volvo-White Truck was expected to double deliveries this year to about 9,600 locally produced heavy trucks. Including about 2,800 other Volvo truck models, Mr. Frisinger said he expected Volvo truck deliveries in the United States to total around 12,000.

Commenting on Volvo's talks on a possible merger with Clark Michigan Co., a maker of construction and mining equipment, Mr. Frisinger said: "The possibilities we saw when we started the talks are the same today." He said he hoped the discussions would conclude by the end of the year.

Volvo officials also said the company's American depository receipts representing the company's "B" shares had started trading on the U.S. over-the-counter market the first week in December. Volvo shares will be listed on the Paris Bourse on Dec. 3, they added.

Volvo Says It Doubled Profit

(Continued from Page 19)

quarter sales were up only 9 percent to 5.60 billion kronor.

Mr. Frisinger said that because of production difficulties and model changes "we had to fight to make deliveries to all markets, and these deliveries have been too small in the third quarter."

In the United States, which is Volvo's single largest export market, "We had a period where deliveries were unsatisfactory," according to Mr. Frisinger. Volvo officials explained that the production diffi-

culties were largely caused by outside suppliers who were unable to keep up with demand for parts.

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Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Britain

Boots
1st Half
Revenue 1984 92.1
Profit 79.9
Per Share 0.045
1983 82.0
65.1
0.037

Sweden

Volvo
9 Months
Revenue 1984 62.710
Net Income 5.610
1983 71.482
3.212

INTERNATIONAL HERALD TRIBUNE, FRIDAY, NOVEMBER 23, 1984

BUSINESS PEOPLE

BankAmerica Opens a New Unit in Paris

By Brenda Haggerty
International Herald Tribune

LONDON — Bank of America has established a new subsidiary in France that will participate in bond underwriting and provide specialist financial services for corporate and private clients.

The new unit, Bank of America (France) SA, has start-up capital of 200 million francs (\$21.6 million). Jacques Favillier, Bank of America's manager for France, was named president of the new Paris-based unit. Gerard de Ganay, vice president in the Paris branch of Bank of America, was appointed managing director.

Citicorp Australia Ltd. of Sydney has named Michael J. Cannon-Brookes chairman, effective Dec. 10. He will also act as country corporate officer for Australia and head of Citicorp's institutional division in Australia. Mr. Cannon-Brookes will also supervise Citicorp's activities in New Zealand.

He was formerly division head for the capital markets group, based in Hong Kong, where he supervised merchant and private banking operations for Citicorp in the Asia-Pacific region. He succeeds Richard Jackson, who has been transferred to Zurich, where he serves as head of Citicorp's investment banking operations in continental Europe.

Irving Trust Co. of New York has opened a representative office in Bangkok and named Michael J. Ranieri representative. He previously was in the bank's Taipei branch.

Fluor Corp., the California-based engineering, construction and natural-resources management company, has named Edward S. Hsia president of its Fluor China unit. He had been vice president of Fluor's Northern California division,



Middle East Bank Ltd. of Dubai said its chairman, Majid al-Futtaim, will take on the additional title of chief executive on Dec. 1, when M. Yasser el-Bitar retires from that post.

Fluor's mining projects in China have been named Michael J. Cannon-Brookes chairman, effective Dec. 10. He will also act as country corporate officer for Australia and head of Citicorp's institutional division in Australia. Mr. Cannon-Brookes will also supervise Citicorp's activities in New Zealand.

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which is a post in which he supervised Fluor's mining projects in China. Mr. Hsia succeeds Harold W. Sorrensen, who was named director emeritus of Fluor China.

UBAF Bank Ltd. of London has appointed Peter Taplin chief executive, effective Feb. 1. He will succeed Charles Burkitt, 64, who will be retiring at that time. Mohamed Fazzaoui, currently general manager of the bank, has been appointed to the new post of deputy chief executive, effective the same date. Mr. Taplin is an assistant general manager in the international division of Midland Bank PLC, which owns 25 percent of UBAB Bank. Other shareholders in UBAB Bank are UBIC Nederland BV, with 50 percent, and Libyan Arab Foreign Bank, with 25 percent.

ITT Europe Inc. has appointed James R. Sexton a senior vice president. Mr. Sexton is director of operations management for ITT Europe, which is based in Brussels. ITT Europe is a unit of ITT Corp. of the United States.

Resca Resins of Milan said Nello Celio has been appointed chairman and Giuseppe Lazzaroni vice chairman and managing director.

Standard Chartered Bank PLC

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Union Bank of the Middle East Ltd., Dubai, has opened a Far East representative office in Hong Kong headed by J.W. Monaghan.

Chimex Molybdenum SA, a Paris-based unit of the diversified U.S. natural resources group Amex Inc.,

has named Hans-Jorg Fiege in the new post of director, commercial services. He was assistant controller of Paris-based Amex Europe.

Libby-Owens-Ford Co. said Dennis N. Clewett-Davies, an executive director of the British glassmaker Pilkington Brothers PLC, was elected a director. Libby-Owens is a U.S. glass, plastics and fluid-power concern in which Pilkington holds a 30-percent share.

Morgan Stanley International, London, said Colin Hyndman has joined its equity department, with

responsibility for international equity operations. He was with Goldman Sachs in London. Brendan Tynan has joined Morgan Stanley's dollar fixed-rate desk from Salomon Brothers International, and Jacques Clegiac has joined its Eurobond sales department.

Hertz UK has named John Howard, formerly operations director, to the post of general manager, succeeding Chris Kelly, who has left the company. Hertz UK is the New York-based vehicle rental and leasing unit of RCA Corp.

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PICASSO AND 800% PROFITS

An historian has claimed that a turning point in Picasso's life occurred in 1907, when Pablo wandered into the ethnography museum at the Trocadero in Paris, and saw fetish figures and tribal masks. The effect on Picasso was traumatic. "At that moment" he mused, "I realized what painting was all about." He repainted two faces in "Les Demoiselles d'Avignon," taking his first step towards Cubism. Our researchers are not stirred by tribal masks in seeking the Truth, the "Gestalt" of the market; we probe into matters infinitely more complex than bows and arrows — "the silings and arrows of outrageous fortune" as traced by the Tape.

The vision that inspired Picasso has its counterpart on the "Street". It is the imagery of the "Crowd", of the masses mesmerized by financial myths, pre-conditioned to accept prevailing opinion and refusing to comprehend that the market is maneuvered by "Elitists" who mock the consensus. Example? In March 1982 one of the world's largest investment services released a list of 67 stocks which they predicted would "underperform" the market, stocks with a "sale" tag.

We passed their mundane analysis, suggesting that the shares be bought instead of being sold, that the "sick" prices of the equities already had "illness" factored in, that the law of contrary reason would prove triumphant. All but seven of the 67 equities subsequently advanced; once again, the contrarian out

SPORTS

Monaco Club Retains Hopes of Staging Rally, Grand Prix

Reuters

RIS — Despite the latest down in attempts to save the Monte Carlo Rally and Monaco grand prix, the president of automobile Club of Monaco or given up hopes of staging the club president, Michel Boeri said: "We can and we want the rally... even if there are other competitors."

Boeri was speaking in Paris on Tuesday, a day after the French minister, Alain Calmat, met together the two sides involved in the conflict — the Monaco club and the International Auto Federation (FISA) — but

failed in the reconciliation attempt. FISA is auto racing's world governing body and the sports arm of the International Automobile Federation (FIA).

The president of FISA, Jean-Marie Balestre, once again blamed Monaco for the impasse and said that nothing had changed.

Boeri advised other Formula One organizers against trying to fill the date on the calendar traditionally reserved for Monaco's grand prix. Other race organizers would against "occupying our slot" pending legal judgment, Boeri said. "We won't hesitate to make our rights count," he said.

The Monaco club's recourse to

Shriver, Upset Again, Plans 3-Month Break From Tour

The Associated Press

SYDNEY — Pam Shriver said she will take an extended break from the women's professional tennis tour following a three-set loss to Marcella Mesker of the Netherlands in Thursday's third round of the New South Wales Open.

"If I had to face the prospect of playing like this, I'd get out together," Shriver said after a 5-7, 7-6, 6-4 loss to Mesker, who is ranked 64th in the world. Shriver of the United States is No. 3.

Peggy Gossett of the Women's Tennis Association confirmed that Shriver had withdrawn from three tournaments scheduled early next year in order to have at least three months free from tennis.

Shriver, 22, has suffered from a series of shoulder injuries. She has played poorly in recent tournaments in preparation for next week's Australian Open in Melbourne. But Shriver said she will play the year.

Shriver admitted her career and her association with Don Candy, a long-time coach, would be re-evaluated during the break.

"It will be easier to get away," she said. "At the moment, I have a horrendously negative attitude. I've just had too much of the whole thing."

"I'm not winning any of my close matches and it's definitely the all-time point as far as my tennis career is concerned."

The first ball is over, I've gone through the stage of being an up-and-comer and then establishing myself in the top 10. Now it's time to group."

When asked if her 14-year association with Candy, the man who discovered her as a 10-year-old, could be affected, she said that was the area where a change may be overdue.

"But we would not split up completely," she added. "I could not imagine continuing without him, as he looks after my business affairs as well."

Ions Rally to Defeat Packers, 31-28

United Press International

ONTARIO, Michigan — Gary Danielson threw three touchdown passes to Jeff Chadwick with 7:15 left to go ahead 31-24.

Rookie quarterback Randy Wright tried to rally Green Bay when he replaced Lynn Dickey, who was hit in the eye early in the final period.

Wright threw a 4-yard TD pass to Phillip Epps at the end of a 9-yard march but only 55 seconds remained. Detroit linebacker Gary Cobb recovered Green Bay's onside kick and the Lions ran out the clock.

A crowd of 63,698 watched the annual Thanksgiving Day contest.

The Lions' defense, averaging a humiliating 41-9 thrashing four weeks ago in Green Bay, held the Packers to just 14 first downs while Detroit was rolling up 33. The Lions held a 518-306 edge in total yards — 347-197 in the air.

Detroit controlled the ball 44:47 minutes to 15:13 for Green Bay.

Detroit held Green Bay's James Lofton to just one reception — a 24-yard grab late in the third quarter — and Dickey completed only 8-of-17 for 115 yards. He was just 2-of-5 with an interception in the second half.

Danielson completed 23-of-30 passes, for 285 yards.

Dickey threw a 44-yard touchdown pass to tight end Paul Coffman after fullback Gerry Ellis swept left end for a 40-yard touchdown that gave Green Bay its 14-0 start.

After Danielson hit David Lewis with a 10-yard touchdown pass, Dickey threw a 7-yard scoring strike to Eddie Lee Ivery that put the Packers on top 21-7.

Danielson threw a 21-yard touchdown pass Lewis and Eddie Murray kicked a 32-yard field goal as Detroit moved within 21-17 at halftime.

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1 Backup Leads Bears Near NFC Title With McMahon Hurt, Fuller Takes Charge at Quarterback

By Michael Janofsky

New York Times Service

NEW YORK — With a victory over the Minnesota Vikings, the Chicago Bears would clinch a division title for the first time in 21 years. If it comes, Steve Fuller will have had a hand in it.

Fuller, a little-known player who has also been with the Los Angeles Rams and the Kansas City Chiefs, is testimony to the theory that a National Football League team is only as good as its backup quarterback.

The Bears, with an 8-4 record, are within one victory of the National Conference's Central Division title. In filling in for McMahon, Fuller has completed 38 of 55 passes for 431 yards and a touchdown, his first scoring pass in nearly two years. He has not been injured.

Most backup quarterbacks will tell you it was all in the day's work. But to Fuller, now in his fifth year, it was more.

"It was exciting to get a chance to play again," he said. "Sometimes I lost touch with the reason you play this game in the first place. A guy can make a fairly decent salary as a backup, but you've got to play if you begin to slip away from that is really going on with the team. Now when we have a victory, feel more like celebrating with the guys."

Given the Vikings' wayward course this season, Fuller should have that feeling again Sunday afternoon. (Marrah's Reno Race & Sports Book has made Chicago a six-point favorite.)

THURSDAY

New England Patriots (8-4) at Dallas Cowboys (7-5) — The loser of this game is almost assured of missing the playoffs. Of the two, the Patriots are playing better, with victories in three of their last four games. The Cowboys seem to be stumbling, with inconsistent play at quarterback. (Dallas by 2.)

NFL PREVIEW

they have fairly well shut down the opponents' passing. The Giants' running game shows up about every other week. (New York by 7.)

Atlanta Falcons (4-8) at Cincinnati Bengals (4-8) — Poor Atlanta. It has lost its best runner (Willie Andrews), best kick-returner (Billy Johnson), and now its quarterback, Steve Bartkowski. The Bengals, meanwhile, still have renewed hopes for the playoffs, trailing the Steelers by only two games. (Cincinnati by 6½.)

Buffalo Bills (1-11) at Washington Redskins (7-5) — After stunning the Dallas Cowboys last Sunday, the Bills are the Bills capable of another shock? The Redskins should be buoyed, however, by the return from the injured-reserve list of running back Joe Washington and Charlie Brown, the team's deep threat. (Washington by 13.)

AMERICAN CONFERENCE

San Francisco 49ers (11-1) at New Orleans Saints (6-6) — By winning their last four games, the Saints could keep alive their playoff chances. But that is unlikely. The Saints continue to play erratically. (San Francisco by 5.)

Los Angeles Rams (7-5) at Tampa Bay Buccaneers (4-8) — The Rams are in the running for a play-off berth. But they seem to lose when they should win, and win games they should not. The Buccaneers will be no pushovers, however, as they sometimes play better against better teams. (Los Angeles by 24.)

Philadelphia Eagles (6-6) at St. Louis Cardinals (6-6) — The Cardinals are slumping badly, and the Eagles are also alike. Aggressive defenses are the best. (Philadelphia by 2.)

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MONDAY NIGHT

New York Jets (6-6) at Miami Dolphins (11-1) — The Jets have not beat the Dolphins in Miami since 1980. Three weeks ago in New York, the Dolphins passed for 407 yards, their second-highest total of minutes and fortunately we did." (UPI, AP)

Indianapolis Colts (4-8) at Los Angeles Raiders (8-4) — It has been a lost season for the Colts, and it could be one for the Raiders. Los Angeles is dangerously close to

falling out of the playoff chase. The problem is twofold: Marc Wilson has still been bothered by an injured throwing hand, and the line has been unaccountably inconsistent. (Los Angeles by 15.)

Houston Oilers (2-10) at Cleveland Browns (3-9) — The Oilers have won two straight. But they could have some trouble with Cleveland, who have one of the best defenses in the league. (Cleveland by 6½.)

San Diego Chargers (6-6) at Pittsburgh Steelers (6-6) — The Steelers, who once had a commanding lead in their division, can still afford any more losses, given Cincinnati's soft schedule. The Steelers' defense has played well this season, but the best quarterbacks have given it trouble. The Chargers have Dan Fouts, one of the best backs in the league.

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